

China's Nuclear Puzzle: First, Who's the Target?

End of Cold War Is Forcing Beijing To Make Difficult Strategic Choices

By Patrick E. Tyler
New York Times Service

BEIJING — In the next few months, as American and Russian reconnaissance satellites watch, China's nuclear weapons agency will lower a hydrogen bomb into an 1,800-foot shaft beneath the Gobi Desert.

Then, at the most politically opportune moment, the order will go out to detonate it.

Like one exploded earlier this month, the warhead may be the prototype for China's new submarine-launched ballistic missile. Or it may be a miniaturized warhead that could be bolted to China's first multiple-warhead missile able to reach Russian and American cities.

Whatever the design and function of its latest nuclear weapons, the question is: Where is China's strategic enemy?

China, the world's third-largest nuclear power in terms of explosive strength, is wrestling with basic choices about the financing and deployment of its nuclear forces.

Should it build a fleet of ballistic missile submarines to give the government added assurance that it could fire a retaliatory strike in a nuclear war, even if building such a fleet requires the diversion of billions of dollars from pressing domestic needs?

Does it need new mobile interconti-

mental missiles able to reach Moscow and Washington, or should it channel that investment into railroads, highways, bridges and power plants, which are all desperately needed to develop the economy?

"It is clear that there is a great debate in China over who is the enemy and what is the target," said Professor John W. Lewis of Stanford University, an authority on China's defense establishment and a close associate of Defense Secretary William J. Perry, who has been pressing China to stop its nuclear testing program.

The end of the Cold War has caught China's military leaders in midstream as they try to modernize their first generation of nuclear weapons and delivery systems, which were deployed in the 1970s and 1980s. The second-generation improvements in mobility, reliability and overall survivability are essential, China's military leaders assert, if China's modest deterrent force is to be credible into the next century.

By comparison, the nuclear inventories of Russia and the United States are each 20 times as large as China's. France reportedly has more warheads, but the total explosive power of China's 300 to 400 weapons makes it the third-largest nuclear weapons state by most

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Israel and Jordan Sign Treaty To End 46 Years of Hostilities

By Barton Gelman
Washington Post Service

WADI ARABA, Israel-Jordan Border — Israel and Jordan signed a peace agreement Wednesday at this bleak desert border post, putting formal end to their 46-year state of war and launching what both governments expect to be a broad and warm partnership of neighbors.

The treaty is the first between Israel and an Arab state since an abortive agreement with Lebanon in 1983 and the most important since the breakthrough with Egypt in the 1979 Camp David accords.

Unlike the "cold peace" with Egypt, which resulted in few commercial or cultural ties, the Israel-Jordan treaty contemplates swift cooperation in tourism, trade, road and rail links, water resources, and environmental protection. The two nations on Wednesday threw switches connecting their electrical grids in the southern port cities of Eilat and Aqaba immediately after the signing ceremony here.

President Bill Clinton, who signed the accord as a witness, promised to support the peacemakers against "the forces of terror."

Mr. Clinton praised the treaty for breaking chains "that for too long have kept you shackled in the shadows of strife and suffering."

The president said, "I say to the people of Israel and Jordan: Now you must make this peace real, to turn no-man's-land into every man's home, to take down the barbed wire, to remove the deadly mines, to help the wounds of war to heal."

The treaty resulted from direct talks between King Hussein and Prime Minister Yitzhak Rabin, which were intensified amid, and in answer to, a sharp surge of terror attacks against Israel.

King Hussein and Mr. Rabin both began their remarks Wednesday with celebratory allusions to religion and friendship.

"Peace be upon you, God's peace," said the Jordanian king in Arabic and then English, describing the phrase as "the greeting with which Muslims and Arabs receive their guests."

He said that, "All the children of Abraham will remember" this day as the "dawning of a new era of peace."

Mr. Rabin began in Hebrew with the greeting used on holy days, wishing joy to the people of Israel and Jordan.

Comparing previous relations with Jordan to the "arid desert" all around him, he said the two nations would "draw on the springs of our great spiritual resources, to forgive the anguish we caused each other, to clear the minefields that divided us for so many years" and to supplant them with "fields of plenty."

For Israel, the agreement secures the largest part of a long-hostile border and marks a milestone in normalizing a nation accustomed to thinking of itself as encircled by enemies.

For Jordan, it comes as a declaration of independence from more radical Arab neighbors and ends an estrangement with the West that began in the Gulf War, when King Hussein felt obliged to give his tacit support to Iraq.

Security arrangements were described by Israeli officials as the tightest and most extensive in the nation's history.

No disruption was apparent here, but Israel Radio reported mortar fire from southern Lebanon into Israel's northern Galilee panhandle at about the time the signing ceremony began. There were no casualties and no damage.

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France Is Forced to Open Two Air Routes to Rivals

By Erik Ipsen
International Herald Tribune

Nearly two years after Europe supposedly opened its skies to free competition among its airlines, the European Court of Justice on Wednesday overruled France's objections to opening its two most profitable domestic routes to foreign carriers.

Shortly after the decision, the French Transport Ministry agreed to allow competition on routes from Orly airport, south of Paris, to Marseille and Toulouse. At present those routes are served solely by state-owned Air Inter.

"It is one more step along the way to open skies in Europe," said Ian Rennardson, an airline analyst with Yamaichi In-

ternational in London. "But frankly the pace has been more of a drip, drip, drip than a waterfall."

The French transport minister, Bernard Bosson, said he now expected to approve new carriers for the routes by Thursday. But he said he would allow them to begin service in January, not on Friday, the day set by the European Commission in an earlier ruling and confirmed by the court on Tuesday.

Airline analysts suggested that the long-delayed opening of Orly may have been part of a deal between the French government and the European Commission. They noted an article last summer in the French

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Living Too High in Hungary Leadership Shies From Belt-Tightening Despite Warnings of Severe Problems

By Jane Perlez
New York Times Service

BUDAPEST — Hungary, once viewed as Eastern Europe's beacon of economic hope, is facing a slump unknown since the country started on its journey toward capitalism.

Export earnings have crashed. Inflation is on an upward trend. And Hungary continues to have the highest per capita foreign debt in Europe.

Simply put, almost everyone, including senior members of the new government, acknowledges that Hungary is living beyond its means.

But what to do about it presents a political conundrum for the resurged former Communists who came to power three months ago. Their supporters, disgruntled by the tough times of the last four years, are alarmed by the prospect of cuts in social benefits, which are among the most generous in the region.

During a visit last week, the director of the International Monetary Fund, Michel Camdessus, bluntly told the government it must curb social spending. The country, he said, could not sustain its "serious" balance-of-payments deficit, which stands at 9 percent of economic output, and a budget deficit at 7 percent of gross domestic product.

Among the benefits the fund says must

be reviewed are the three kinds of child support payments families receive on the birth of a child; pensions starting at 55 years of age for women and 62 for men; unemployment benefits that begin immediately upon leaving school and last for one year of joblessness; and generous payments for medicines.

But restricting the social welfare net during a period of 12 percent unemployment does not sit well with voters who fondly recall the Communist era of full employment and no inflation. The inflation rate is edging over 20 percent, economists said.

"I would be hard hit if they cut the allowance," said Etelka Kiss, 37, a divorced mother, as she picked up her 4-year-old daughter, Virag, from kindergarten. "When she was born, I had 7,000 forints [about \$70] a month to live on. What would I have done without the 3,000 forints family allowance?"

Prime Minister Gyula Horn has acknowledged that fiscal austerity is needed but also reassured his constituency that the social net would stay intact. The government has retroactively raised pensions across the board by 8 percent and deferred increases in value-added tax and energy prices until next year.

By delaying the inevitable, some politi-

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President Bill Clinton applauding as Prime Minister Yitzhak Rabin of Israel, left, and King Hussein of Jordan shook hands at the treaty-signing Wednesday.

In Region, Little Solace Arabs Find Much Amiss With Pact

By Youssef M. Ibrahim
New York Times Service

JERUSALEM — Many Arabs are greeting the peace treaty between Jordan and Israel without much joy. Though it is a turning point in the 46-year Arab-Israeli conflict, Arabs tend to regard the treaty as an admission of an Arab defeat in a long struggle rather than an honorable end that deserves rejoicing.

Unlike the anticipation that surrounded the Madrid peace conference of 1991, when hopes were high that a new era might be about to begin in the Middle East, the feeling this time is that an uneven peace is taking shape in which Israel, and its strategic ally the United States, are reaping the fruits of a victory while Arabs are simply hitching themselves to an inevitable but not particularly rewarding venture.

Throughout the region — including Is-

rael — the sentiment is that the treaty is an agreement among heads of states, not people; that it is more of an American party than a Middle East feast; and that these dramatic advances need much nurturing before they can usher in a new era.

In Israel, where Prime Minister Yitzhak Rabin and senior figures in his Labor-led coalition government appear charmed by

NEWS ANALYSIS

King Hussein of Jordan and too pleased with their success in prying open the doors of one Arab capital after another, the nation seems to lag behind in enthusiasm, still dwelling over the terrorist attacks that took nearly 30 lives in the last three weeks.

Traumatized by the Tel Aviv bus bombing last week, Israelis have their minds focused on Hamas, the radical Islamic Palestinian organization that has taken re-

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Clinton Outlines Support But He Warns Terror Still a Danger

By Douglas Jehl
New York Times Service

AMMAN, Jordan — Just hours after celebrating the formal peace between Israel and Jordan, President Bill Clinton outlined a plan Wednesday night to promote economic development across the Middle East but coupled it with a warning that violence could still tear the region asunder.

To a joint session of the Jordanian Parliament, Mr. Clinton served notice of the mixed optimism and apprehension with which his administration is looking beyond the historic accord. As he prepared to travel on Thursday to Syria, which has not yet agreed to peace terms, the president spoke Wednesday night of the stark choices he said the region still faced.

"It is the age-old struggle between fear and hope," Mr. Clinton declared. With King Hussein sitting behind him and the members of Parliament and distinguished

guests packed into the circular chamber, he praised Jordan for its "bold choice" but said all of the region must remain on guard against "those who preach hate and terror."

As the first American president to address the Jordanian body, Mr. Clinton used the occasion to issue a strong pledge of support for the country and its quest for peace.

He promised that the United States would take a leading role in establishing a Middle East Development Bank to finance projects undertaken by the region's newly amicable neighbors, and said that the Overseas Development Investment Corp. would provide \$75 million to promote new private investment, nearly all of it in Jordan.

"Today, let me say, on behalf of the United States: I will not let you down."

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Modern Mall in Soweto Rings Up Cheers (and Jeers)

By Bill Keller
New York Times Service

SOWETO, South Africa — Late last year, a group of white executives from Sanlam Properties, a leading South African development company, piled into a

minivan and rode into terra incognita, the sprawling black metropolis of Soweto.

As Jacobus A. Swanepoel, Sanlam's regional manager, recounts that journey, it is tempting to imagine a carload of cartoon capitalists with dollar signs ringing in their eyes. Soweto, impoverished, alien, oppressed and battle-torn, suddenly seemed a land of untapped opportunity.

The first result of that trip materialized on Sept. 29: the biggest and most modern shopping center any black township has ever seen, complete with a family steakhouse, a triplex cinema, automated teller machines, an appliance store, clothes — and a gun shop.

At the mall's heart is a vast air-conditioned Shoprite supermarket that has

brought some Soweto shoppers close to joyous tears. After years of commuting to stores on the periphery of the black enclave, or paying the inflated prices of tiny township convenience shops, shoppers have discovered in the wide aisles of Shoprite an equality nearly as satisfying as the one conferred by last April's elections.

But the new interest of white retailers has generated a bitter outcry from some black businessmen in the townships. They complain that after decades of weathering the strains of an apartheid ghetto, black entrepreneurs are being bulldozed aside by the economic power of white outsiders who have discovered gold in black townships.

"I feel like a man on a bicycle who's been overtaken by a jet," said Paul Gama, chairman of Blackchain Ltd., a black-con-

trolled company that owns three struggling grocery stores in black townships.

Max M. Legodi, head of the Greater Soweto Chamber of Commerce and Industries, which speaks for hundreds of small retailers in the township, was sympathetic. "All these years we had no access to capital, no access to credit," he said. "We were not able to gain expertise in business management. We did not have relationships with suppliers to buy in bulk. We could not do business in white areas."

These men argue that white entrepreneurs moving into the "emerging markets" of black townships should be obliged — by local pressure, if not by law — to take local partners, as do many foreign companies that come to South Africa. Until now,

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Kiosk

U.S. Moves to Assure North Koreans

Dow Jones	Trib Index
Down 2.36	Up 0.36%
3948.23	115.78

The Dollar	Wed close	previous close
DM	1.4911	1.4953
Yen	1.638	1.637
FF	96.83	96.80
	5.1035	5.1205

Health/Science

Doctors puzzle over the case of a man who defies science. He is still growing at the age of 28.

Seeking to reassure North Korea, President Bill Clinton promised that country's leader in a letter released Wednesday that he was committed to providing two light-water reactors to the North in exchange for its agreeing to freeze its nuclear program.

In the letter to Kim Jong Il, Mr. Clinton said he would use "the full powers" of his office to provide the reactors if the project were not completed for reasons beyond the control of North Korea. Mr. Clinton made no specific financial commitment. (Page 5)

Book Review

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Newsstand Prices

Bahrain...0.800 Din	Malta.....35 c.
Cyprus.....C. £1.00	Nigeria...90.00 Naira
Denmark...14.00 D.Kr.	Norway....15 N.Kr.
Finland....11 F.M.	Oman.....1,000 Riels
Gibraltar...£0.85	Qatar.....8.00 Riels
Great Britain...£0.85	Rep. Ireland...£1.00
Egypt.....E.P. 5000	Saudi Arabia...9.00 R.
Jordan.....J.D. 150	South Africa...R 6
Kenya.....K. Sh. 150	U.A.E.....8.50 Dirh
Kuwait.....500 Fils	U.S. Mil. (Eur) \$1.10
	Zimbabwe...Zim. \$20.00

Election in Moscow: A Little Strange but Very Normal

By Steven Erlanger
New York Times Service

MY TISHCHI, Russia — This is a measure of politics in the new Russia. There will be a special election here Sunday to replace a member of Parliament gunned down outside his apartment house in late April, in a killing thought to be mob-related.

One of the 12 candidates is Konstantin Borovoi, the founder of the first commercial exchange in the Soviet Union, whose posters show him in audience with the patriarch of the Russian Orthodox Church, Alexei II. Mr. Borovoi says he narrowly escaped assassination twice in a year.

There is a nationalist candidate, Andrei Sidelnikov, whose posters show him with the grieving mothers of soldiers killed in Afghanistan. Another candidate, Leonid Barashkov, a businessman, boasts of financing a soccer team and creating a new bus route, then offers three "Barashkov family recipes" using mushrooms.

And then, there's the requisite quasi-fascist, Alexander Fyodorov of the Russian National Unity party, whose symbol is an elongated white swastika on a black field. Mr. Fyodorov calls for Russian purity and the fight against crime, in that order.

But the favorite in the race is Sergei Mavrodi, the mysterious boss of the MMM financial pyramid, who was released from jail to run and who can stay out of jail by winning the seat.

Given the stakes for his future, Mr. Mavrodi is pulling out all the stops in this suburban electoral district just north of Moscow: making big promises that remind everyone of his MMM advertisements, buying lots of air time and newspaper space, sponsoring concerts, posting placards and distributing leaflets.

But Mr. Mavrodi has not set foot in the district, said the deputy chairman of the local election committee, Vyacheslav M. Zhigulin. Mr. Mavrodi's spokesman, Sergei Taranov, said Tues-

day night that personal appearances were "ineffective," that Mr. Mavrodi was visible on television, and that he did not want to "push it" with the courts by leaving Moscow.

Avoiding prison, "of course, is one key aim," Mr. Taranov said. "But the main aim is to use the immunity to protect the interests of MMM shareholders through politics."

Mr. Zhigulin said he thought Mr. Mavrodi had a good chance. "After all," he said, "36,000 MMM shareholders live in My Tishchi alone." The same number live in nearby Khimki, another of the five towns in a district of some 2.5 million people and 500,000 voters.

"The shareholders are probably enough to win," Mr. Zhigulin said. Some shareholders are angry with the MMM collapse, which took most of their investments. But the fund itself never really died, and many believed Mr. Mavrodi, who portrayed the collapse as the act of a willful government

that feared his power and wanted to cut him down.

MMM's advertisements became famous, featuring a shambling Russian ne'er-do-well who finds all the choice sweets of life — tropical vacations, an apartment in Paris — through his investments in MMM.

"Mavrodi's campaign is exactly the same," said Anna Sikder, a 23-year-old shopping in the local supermarket. "Mavrodi promises to turn My Tishchi into a little Switzerland."

He has some way to go. Only 56 percent of the families in the district have telephones. In Khimki, cuts in military spending have crippled three big factories that once employed nearly 50,000 people and controlled 70 percent of the town's housing stock.

Mr. Mavrodi not only promises voters that he will spend \$10 million on improving the district, but that every household will get a telephone. Mr. Borovoi promises that his "business

contacts" will bring \$1.5 million to the area.

Yegor V. Babichev, a physician, lawyer and deputy mayor of Khimki, does not try to hide his disgust. Khimki is one of the few towns where the entire leadership changed after the failed coup of August 1991, and the administration, at least, is rife with liberal democrats.

"But there is a counterreformation going on now," he said. "There's always the personalization of politics here."

As for real local issues, like the three big factories in trouble, Mr. Babichev said, "I'm not even sure the candidates are aware of them."

"All our elections are a little strange these days," he said. "Mavrodi is already at the stage where he has to enter the political establishment. It's also some protection for him, it's true. I hope Mavrodi and his type won't come to power. But they're getting closer, maybe."

WORLD BRIEFS

Bosnian Serbs Fire On UN Tanks

SARAJEVO, Bosnia-Herzegovina (Reuters) — UN tanks came under fire from Bosnian Serb forces on Wednesday, but the United Nations decided against ordering an air strike in response, a UN spokesman said.

The Danish Leopard tanks returned fire from a Bosnian Serb tank and recoilless gun near the northern town of Gradacac before withdrawing. A UN military spokesman, Colonel Tim Spicer, said: "We believe one Leopard was hit but there are no reports of casualties."

The United Nations set in motion the procedure for a NATO air strike before deciding such a response was not warranted. In explaining why an air strike was not ordered, Colonel Spicer said that "in fact the best tank-killing weapon is another tank. In the end air was not needed."

Migration Accord at Risk, Cuba Says

HAVANA (AFP) — The decision of a U.S. judge to temporarily halt the repatriation of Cuban refugees from Guantánamo threatens the implementation of a migration accord between the United States and Cuba, the National Assembly president, Ricardo Alarcon, said.

"This is a serious and negative development," said Mr. Alarcon, who is representing Cuba in talks with the U.S. government on carrying out a Sept. 9 agreement that ended an exodus of Cuban boat people to the United States.

U.S. District Court Judge Clyde Atkins issued a temporary restraining order Tuesday in Miami, one minute before a U.S. military plane with 23 Cubans on board was to take off for Havana from the U.S. naval base at Guantánamo Bay, on Cuba's southeast tip. About 32,000 Cuban refugees who were refused entry to the United States after being picked up at sea are being held at Guantánamo and in Panama.

Russian Team Flies to Site of Oil Spill

MOSCOW (Reuters) — Russian officials flew to the northern region of Komi on Wednesday to investigate an oil spill that U.S. officials say could have a disastrous impact on the fragile Arctic environment.

But local officials tried to play down the significance of the spill, the result of pipeline leaks and the breakage of a dam containing the leaked oil. "There are all these fairy stories about a leak of 200,000 tons of oil," said Nikolai Balin, head of the regional environment committee. "It is stupid. The most plausible figure is 14,000 tons." That would be just over 100,000 barrels.

The Russian Environment Ministry has said the spill is as much as 438 million barrels, while the U.S. Energy Department has said it was estimated to be more than 2 million barrels by U.S. experts at the site.

For the Record

Three blacks were jailed for 18 years each on Wednesday by a South African judge for the murder of Amy Biehl, an American exchange student. "Taking all mitigating and aggravating circumstances into account, the court comes to the finding that the death sentence is not the only appropriate sentence," said Judge Gerald Friedman. Makhona Nofemela, Vusumzi Ntamo and Mongezi Manqina had pleaded not guilty. (Reuters)

TRAVEL UPDATE

Chunnel Train's Debut Facing Strike

PARIS (Reuters) — Eurostar, the high-speed train designed for the Channel Tunnel, faced a new challenge Wednesday when a French union threatened to strike on Nov. 14, the scheduled commercial launching date of the high-technology rail link.

A union statement said the management of the French rail operator SNCF had ignored its claims about the safety of Eurostar engineers and trains and the pay for staff specifically working on the train.

The Association of European Airlines said its members will likely report their biggest increase in traffic in 15 years in 1994. Based on travel through September, it said passenger traffic on the 25 carriers should increase by more than 8.5 percent, and freight traffic should rise by about 13 percent. (Knight-Ridder)

A fire destroyed the steel-and-copper cupola of the German Church in central Berlin. The church, in the city's historic district in former East Berlin, was undergoing renovation. (AP)

Italian pilots have agreed to call off a series of strikes over the next month. Pilots for the state-run carrier Alitalia and the computer subsidiary ATI made the announcement following a meeting with Transportation Minister Paolo Fiori. (AP)

Cathay Pacific Airways will introduce two additional flights between Hong Kong and Hanoi and one between Hong Kong and Ho Chi Minh City, with Vietnam Airlines, starting Sunday. (AFP)

Alexander Shelepin, Ex-KGB Chief, Dies

The Associated Press

MOSCOW — Alexander N. Shelepin, 76, the head of the KGB during Nikita S. Khrushchev's rule who was once considered a contender for the leadership of the Soviet Union, died Monday.

The Itar-Tass press agency reported his death but did not give the cause or say where he had died.

All but One Freed In Hijacking in Southern Russia

Reuters

MAKHACHKALA, Russia — Two crew members were freed from a hijacked plane in southern Russia late Wednesday, leaving only the captain and the hijacker on board, said the commercial radio station Ekho Moskvy.

"The terrorist is demanding another \$2 million," Ekho Moskvy said. The hijacker, believed to be acting alone, has already received \$2.3 million ransom in exchange for releasing 23 hostages since dawn.

Prisoners released earlier said the hijacker was carrying only a parcel, which he said contained explosives, and was behaving without undue aggression. Interfax news agency said.

Commandos have surrounded the plane and emergency services took up positions nearby. The plane has been refueled, but its possible destination was not clear. Russia has asked Iran to let it land there.

The hijacking started late Tuesday when a passenger ordered the plane bound for the southern city of Krasnodar to return to Makhachkala.

Mr. Shelepin followed a classic career path for Soviet leaders, joining the Communist Party in 1940 after graduating from the Moscow Institute of History, Philosophy and Literature.

He became a propagandist for the Komsomol, the Soviet youth organization, and headed it from 1952 to 1958. Mr. Shelepin was KGB chief from 1958 to 1961 and, in 1964, was appointed to the Communist Party Presidium and was widely viewed as a potential Soviet leader.

But, as Itar-Tass reported, Leonid I. Brezhnev, a senior official under Mr. Khrushchev and his successor as Soviet leader, "saw Shelepin as a serious rival, and removed him from the political scene."

Myron S. Malkin, physicist who guided the space shuttle program and a former Defense Department official, died Monday of heart failure at a hospital in Bethesda, Maryland.

From 1973 to 1980, Mr. Malkin led the effort to bring together all the components that became the space shuttle, which remains the principal U.S. space launching vehicle.

Robert Lansing, 66, TV Star of Series "12 O'Clock High" (NEW YORK (NYT)) — Robert Lansing, 66, an actor whose rugged good looks and deep voice served him well on stage, as well as in films and television, died Sunday of cancer at Calvary Hospice here.

Mr. Lansing starred in the television series "12 O'Clock High" and in Broadway plays including "The Great God Brown," "Suddenly Last Summer" and "The Little Foxes."



PAPERS, PLEASE — Alerted that rival gangs planned a "duel," Moscow police stepped in. A detective checked the drivers' license of an armed suspect at a restaurant.

Germans Cite Fewer Neo-Nazi Attacks in 1994

The Associated Press

BONN — Neo-Nazis have tried to kill six people in separate attacks in the first eight months of this year, the parliamentary press office said Wednesday.

No fatalities have been reported this year. At least 30 people were reported killed in the first three years of neo-Nazi violence.

Law authorities have been battling rightist extremists for four years, and attacks — mostly

against foreigners — have fallen from a peak of about seven a day in 1992 to about four a day this year.

That is apparently because Germany's legal system, sometimes accused of being too lenient with the far right, has started getting tough. Courts have begun giving longer sentences.

Most of the victims have been foreigners, but elderly and handicapped people have also been targeted.

Kohl, With Tiny Majority, Is in for Tough Bargaining

By Rick Atkinson
Washington Post Service

BERLIN — German politics, for 12 years a predictable and orderly affair, suddenly got very messy this week.

Bickering within the ruling coalition, elbowing for government posts and a constitutional challenge have underscored the fragility of Chancellor Helmut Kohl's 10-vote majority in the 672-seat Parliament which is set to convene next month.

The victory of Mr. Kohl and his Christian Democratic party in the Oct. 16 elections has been quickly overshadowed by the obstacles looming before his badly weakened coalition, that was whittled down from a 134-seat majority.

As coalition leaders began meeting Monday night for three weeks of hard bargaining over the new government's goals and cabinet appointments, it became apparent that even Mr. Kohl — a three-term chancellor with a reputation as a master politician and eternal optimist — has his work cut out if his tenure is not to end in a lame-duck whimper.

Although often arcane and parochial, German parliamentary politics will not only determine Mr. Kohl's success in pressing his foreign agenda for tighter European unity and a broader German role in international affairs, but it will also be critical in such urgent domestic issues as economic competitiveness and immigration policy.

Foremost among coalition woes is the sad shape of Mr. Kohl's junior partner, the liberal Free Democrats.

Having survived a near-death experience — the Free Democrats were humiliated in nine consecutive state elections before surpassing the 5 percent minimum needed to remain in the federal assembly by less than 2 percentage points — party faithful promptly fell to squabbling among themselves.

The party leader, Klaus Kinkel, who also is foreign minister, this week repelled a challenge from former economics minister Jürgen Möl-

mann, his political rival, who accused Mr. Kinkel of leading the Free Democrats "into the abyss."

Mr. Mölmann resigned his party post Monday, leaving the field to Mr. Kinkel.

But discontent bubbles just beneath the surface. The Free Democrats are at odds over how best to halt the free fall in their popularity among the German electorate.

The party is short on glamour and its traditional core agenda — free-market economics, government deregulation and a commitment to civil rights — has largely been co-opted by the major parties.

Some liberal leaders insist that in negotiating with Mr. Kohl, who needs the Free Democrats' 47 votes to maintain the status quo in Bonn, the party should play hardball in an effort to sharpen its identity.

The chancellor's objective: Not to end his tenure in a lame-duck whimper.

Among ideas bandied about: cutting corporate taxes, insisting on the right to dual citizenship for foreign residents, slashing red tape, and — in an effort to resuscitate Free Democratic strength in Eastern Germany — declaring the East to be a "low-tax zone."

"We are a dinosaurs' club," a liberal from the East lamented during the campaign. "We're dying out."

But the Free Democrats hardly resemble a hardball team.

The party's boss in the state of Rhineland-Palatinate said publicly that the party is so weak it must show "restraint."

As to suggestions that some liberal malcontents might rebel against Mr. Kohl when the Bundestag, the lower house of parliament, votes for chancellor in mid-November, the party stalwart Otto Lambsdorff, a former economics minister, warned, "Whoever does that knows perfectly well that he will have given the party a death blow."

Poised to profit from Free Democratic weakness are the Christian Social Union, the Bavarian sister party of Mr. Kohl's Christian Democrats.

After grabbing more votes than the liberals in elections, the conservative party is feeling its oats.

Erwin Huber, the party's general secretary, warned the Free Democrats this week not to press for foreigners' rights, while asserting that his party "will be pushing harder for effective crime-prevention laws with no messing around."

Difficulties will likely develop when it comes to handing out cabinet ministries. The Free

Democrats now hold five of 19 posts; having advocated a smaller cabinet, they may find themselves victim of their own policy suggestion.

Discontent has also rekindled the normally placid Christian Democrats. A Kohl plan to save nearly \$3 billion a year by curbing unemployment benefits was challenged last week by the pro-labor wing of his party, which called for tax breaks for the poor.

At the same time the chancellor is under pressure from the Bundesbank, or central bank, to cut the burgeoning federal deficit and from Germany's employers' federation to cut expensive social welfare benefits.

Such countervailing pressures are symptomatic of the delicacy with which Mr. Kohl will have to navigate on many issues.

Further complicating the post-election maneuvering is a legal challenge by the constitutional expert Hans Meyer, who contends that a quirk in German election law illegally boosted Mr. Kohl's majority from 2 to 10.

The chancellor got the extra cushion through an electoral wrinkle that permits creation of additional seats under certain conditions; the issue may be headed to the country's constitutional court.

All of which brings good cheer to the opposition Social Democrats and their leader, Rudolf Scharping.

Mr. Kohl "will have to fight incessantly for a majority in the Bundestag," predicted Rudolf Dreier, the Social Democrats' deputy parliamentary leader.

"I cannot see this coalition doing that, and therefore I don't think it will last 12 months."

Democrats now hold five of 19 posts; having advocated a smaller cabinet, they may find themselves victim of their own policy suggestion.

Discontent has also rekindled the normally placid Christian Democrats. A Kohl plan to save nearly \$3 billion a year by curbing unemployment benefits was challenged last week by the pro-labor wing of his party, which called for tax breaks for the poor.

At the same time the chancellor is under pressure from the Bundesbank, or central bank, to cut the burgeoning federal deficit and from Germany's employers' federation to cut expensive social welfare benefits.

Such countervailing pressures are symptomatic of the delicacy with which Mr. Kohl will have to navigate on many issues.

Further complicating the post-election maneuvering is a legal challenge by the constitutional expert Hans Meyer, who contends that a quirk in German election law illegally boosted Mr. Kohl's majority from 2 to 10.

The chancellor got the extra cushion through an electoral wrinkle that permits creation of additional seats under certain conditions; the issue may be headed to the country's constitutional court.

All of which brings good cheer to the opposition Social Democrats and their leader, Rudolf Scharping.

Mr. Kohl "will have to fight incessantly for a majority in the Bundestag," predicted Rudolf Dreier, the Social Democrats' deputy parliamentary leader.

"I cannot see this coalition doing that, and therefore I don't think it will last 12 months."

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**Hamas Te
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Resistance Movement, Renamo, was a rebel movement underwritten by the defunct white states of South Africa and Rhodesia, and famous for its army of kidnapped children and its scorched-earth style of guerrilla warfare.

"I have already won," he asserted in one recent campaign speech. If he was cheated of victory, he said on another occasion, "we won't return to war, but we won't recognize the result."

— **BILL KELLER**

“At all levels of the government, I heard the desire to continue the cooperation and in fact to enhance that cooperation,” Admiral Macke said after his talks with Prime Minister.

Admiral Macke, on his first visit to Vietnam since assuming the Honolulu-based Pacific Command last summer, said that tangible progress was being made with Vietnamese help.

我

erald INTERNAT

ONAL **Tribun**
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re

Compiled by Our Staff From Dispatches
COLOMBO — Sri Lanka's

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SINGAPORE — A French businessman has been sentenced to 10 years in prison and fined \$100,000 for fraud, a Singapore court ruled today.

ONAL **Tribun**
AND THE WASHINGTON POST

re

By Philip Shenon
New York Times Service

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By Steven Greenhouse
New York Times Service

"The North Koreans wanted an assurance that their promise to freeze their nuclear program was not simply pocketed in exchange for nothing," an administration official said.

In his letter, Mr. Clinton did not make any specific financial commitments to finance construction of the reactors, and

French last week that Mr. O, who is reported to be in his early 80s, had been granted a visa out of humanitarian concerns.

Kim Jong Il is expected to succeed his father, who died in July, but nearly four months later the country still has no head of state. There also is no secretary-general of the Workers Party, which dominates life

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Around Europe

European Union farm ministers were unable to agree this week on stricter rules on the transportation of animals. Germany, the current EU president, had proposed an eight-hour limit for journeys within national borders followed by a two-hour period for feeding and

The ads, part of a Dutch government campaign, have sparked a sharp debate, according to the German

"The North Koreans wanted an assurance that their promise to freeze their nuclear program was not simply pocketed in exchange for nothing," an administration official said.

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agreed this week on stricter rules on the transportation of animals. Germany, the

But the Italian and Greek ministers said trade would be distorted as haulers avoided countries with stricter rules.

Brian Knowlton

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Herald Tribune

Published With The New York Times and The Washington Post

An Opportunity in Syria

The official reason for President Bill Clinton's trip to the Middle East was to witness Wednesday's signing of the Israel-Jordan peace treaty in Aqaba. But the intriguing stop will be the meeting on Thursday in Damascus with Syria's president, Hafez Assad. White House officials saw the Aqaba ceremony as a chance to lift the president out of the gloom of a frustrating midterm election campaign and emphasize his recent foreign policy successes in Haiti, North Korea, and Iraq. If he can somehow manage to add substance in Syria to ceremony on the Israel-Jordan border, he can improve his presidential image as well as the prospects for the Middle East.

Only a couple of years ago, analysts expected Syria to be the first Arab country after Egypt to make peace with Israel. Mr. Assad has since hovered on the sidelines as first the Palestine Liberation Organization and now Jordan reached agreements. Syria's reticence has also forced its client, Lebanon, to back. America has an interest in seeing that these two crucial holdouts do not lag too far behind the peacemakers.

The main issue dividing Israel and Syria is the Golan Heights. Syria wants a quick and full Israeli withdrawal and offers diplomatic relations in return. Israel wants a more drawn-out process and is not committed to full withdrawal. The two sides' positions have crept closer, and Mr. Assad has begun to prepare his people for peace. Rhetoric about Israel in the official media has become less venomous. This month, Syria's foreign minister met with Jewish groups in Washington. Damascus billboards that once touted Mr. Assad's warrior virtues now hail "Assad, the hero of peace."

Syria's negotiating style differs from that of the PLO and Jordan, which both rushed to announce agreements in principle before all the details were worked

out. Damascus prefers to negotiate first, formalize second, and normalize last. Syria has also compiled a record of abiding by agreements that it does sign.

Because of that style, any progress between Syria and Israel takes place behind the scenes. But Syria is quite willing to showcase its dialogue with the United States, particularly at the presidential level.

When Mr. Clinton met Mr. Assad in Geneva last January, the Syrian leader for the first time publicly spelled out what kind of normalization he would offer in exchange for a full Golan withdrawal. American diplomats failed to follow up that opening, but Warren Christopher got the message. He has visited Syria five times since May, and although he encourages modest expectations, the Clinton administration would probably not be risking a presidential visit unless it foresaw some breakthrough—perhaps an announcement of talks between Israel's foreign minister, Shimon Peres, and his Syrian counterpart, Farouk Shara, or even between President Assad and Prime Minister Yitzhak Rabin.

Mr. Clinton also needs to bring up the subject of terrorism. Quite apart from the recent attacks in Israel by Hamas and new shelling over the border by Hezbollah, he must justify the anomaly of an American president visiting a country on Washington's list of terror-sponsoring states. An unequivocal statement by Mr. Assad condemning violence against civilians would be helpful, as would a promise to disarm and expel violent pro-Iranian groups now operating from Syrian and Lebanese territory.

Mr. Assad, a wily survivor, now seems ready to bet his future on peace. Mr. Clinton must try to capitalize on this historic opportunity.

—THE NEW YORK TIMES

A Different Contract

Earlier this month Alice Rivlin, director of the Office of Management and Budget, sent President Bill Clinton precisely the kind of memo that a budget director ought to be sending a president at this time of year. The president has to choose a course of action for the next two years, the remainder of his term, with regard to the deficit and the tax and spending policies that make it up. The memo outlined the choices; one of the several basic points it made is that it is not possible to do nothing.

If the president opts for a standstill budget in the sense of proposing no major changes in tax or spending policies, the deficit does not stand still. Primarily because of rising health care costs, it will begin inexorably to rise again. The only way to keep it from doing so—let alone to reduce it further—are to increase taxes or cut spending.

Tax increases aren't ever popular, and so-called discretionary spending (the third of the budget, including defense, that is subject to the annual appropriations process) has already been much cut over the years. That leaves entitlement cuts as perhaps the likeliest alternative if the president wants to keep putting downward pressure on the deficit. Thus the memo—definitely put, as you would expect from the current budget director, but hardly anything new or all that startling. You have heard it all before.

Republicans have pounced on the options paper anyway; they say it proves, among other things, that the administration is two-faced on entitlements. For a month now, the administration and Democratic candidates have been trying to make a campaign issue of a Republican position paper called "Contract With

America" on grounds that by cutting taxes while seeking to balance the budget it would force deep entitlement cuts. Now it turns out that all the while the administration has been discussing similar cuts, itself, the Republicans say, Gotcha. But this one is a false gotcha. It implies that the two parties are proposing similar policies—that in terms at least of fiscal responsibility they are on roughly similar ground. But in fact they are not.

The Republicans don't begin by trying to solve the present fiscal problem; they begin by making it many billions of dollars worse. Their tax cuts would greatly reduce future federal revenues and thereby widen the deficit even as they also propose a balanced budget amendment under which, unless three-fifths of votes could be found in both houses, the deficit would have to be closed. The combination would put enormous pressure on the spending side of the budget, much more than the Republicans acknowledge or would themselves be likely, except in the abstract, to support. This would set up a train wreck. It is precisely that train wreck which, for substantive reasons, the Rivlin memo undertakes to avoid.

The administration has been good on the budget; last year's budget bill is bringing the deficit down. The stronger options in the director's memo would reduce it further, adding to national savings and the funds available for investment and future economic growth. As happened last year, they might also generate some funds to finance other presidential initiatives. That should be the president's contract with America. It is very different from the other one.

—THE WASHINGTON POST

Other Comment

The Korea Accord: Two Sides

The stakes were always high in the marathon negotiations between the United States and North Korea. They certainly went beyond the immediate concern of security with a resumption of international inspections of North Korea's nuclear installations. At their lowest point, in June, when the United States threatened to call for UN sanctions if North Korea did not agree to inspections, North Korea's response—that such a move would amount to a declaration of war—made for an explosive situation indeed.

The agreement finally reached in Geneva has a potential impact for peace far beyond the immediate concern of securing North Korean compliance with the Nuclear Nonproliferation Treaty.

Transcending [that] is the potential the agreement has for drawing North Korea out of its isolation and opening the way for reunification with South

Korea. The agreement will see the revival of talks between North and South Korea on nuclear inspections designed to ensure the whole Korean Peninsula is free of nuclear weapons.

—The Sydney Morning Herald

The so-called breakthrough made at the tortuous talks in Geneva came as a glaring case of giving much and taking little, for which liberal pushovers in the Western and free world have already earned fame, from the Munich agreement of 1938 to the Treaty of Paris for peace with North Vietnam in 1973.

The lopsided Geneva deal gave Pyongyang most of what it wants—exchange of liaison offices as a prelude to full diplomatic normalization with Washington, new reactors and fuel to be used in the interim. Washington gained little except for uncertain compliance with the Nuclear Nonproliferation Treaty.

—The Korea Herald (Seoul)

A Changed Middle East, With Israel in Fixed Borders

By Jim Hoagland

WASHINGTON—It is 20 years and small change since an American president flew into Damascus to nudge Syria's Hafez Assad toward making peace with Israel. Then as now, the motives and wisdom of the president's trip were questioned at home. Then as now, Mr. Assad was insisting that only a full return of the Israeli-occupied Golan Heights could bring peace.

The similarities between Bill Clinton's stopover in Damascus this Thursday and Richard Nixon's journey there in June 1974, as Watergate consumed him, are misleading, however. Mr. Clinton's trip is an excursion into a new Middle East that is worth the time and risk that the president is taking.

When Mr. Nixon went there, Damascus still styled itself as "the Hanoi of the Arab world" and boasted of its undying opposition to American and Israeli imperialism. The respectful welcome prepared for Mr. Clinton shows the enormous changes that have occurred in Arab and international politics in two decades.

It is on these changes, and not on the day's diplomatic harvest, that both the president and those who argue that he should not go to Damascus should focus. To argue about how much his visit contributes, or does not contribute, to what the diplomats call the Middle East peace process and the search for a "comprehensive peace" misses the point of changes that have overtaken the diplomatic and political concerns that have prevailed since Mr. Nixon's days in office.

The important elements of an Arab-Israeli peace are already in place. Syria signed on to that reality in 1991 by going to war against Iraq in a coalition led by the United States and supported by Israel. Iraq's principal Arab allies in the Gulf War, the Palestine Liberation Organization and Jordan, have each made their own peace with Israel.

Reality, not the promise of a "comprehensive peace," keeps Syria from going to war with Israel today.

At no time since the 1967 war has Israel had less need to return the Golan Heights to achieve a state of peace with Syria. But at no time has a land-for-peace

swap on the Golan been more likely or more logical for both sides.

That is because Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres are prepared to do something that previous Israeli leaders could not do (because of Arab intransigence) or would not do (because of the ideology of Greater Israel): they will define and live within the borders of a modern Israel whose frontiers will be traced by treaties.

In achieving peace with Jordan, Syria and the Palestinians, Israel will give up more than land. Mr. Rabin and Mr. Peres also give up part of the future. They give up a legal limbo that holds open the options of redrawing Israel's boundaries from time to time by military conquest. They accept the limits and existence of a normal state in the world community.

The willingness of Mr. Rabin and Mr. Peres to settle on permanent borders now

means that Mr. Assad should and perhaps will come to terms soon. If he does, Mr. Rabin still faces a tough fight in Israeli opinion about any deal on the Golan. The debate is essentially an ideological one about the nature of Israel, not about Mr. Assad's character or negotiating tactics.

Mr. Clinton's trip to witness the signing of a treaty that draws Israel's frontier with Jordan lends his support and authority to the new Israel that is taking form on the ground. The president pays appropriate tribute to the leaders who are creating that new state out of the dreams and war-weariness of their people.

They run huge risks. By finally drawing its borders short of the outer limits of the West Bank and Gaza and sealing those frontiers, Israel may be opening the way for a Palestinian state. The recent terror attacks mounted by the religious fanatics of Hamas show that the Israelis are not buying "comprehensive peace" by letting President Yasser Arafat set himself up in Jericho.

Mr. Rabin and Mr. Peres never fooled themselves about that. They know that for the fanatics creation of a Palestinian state is not "comprehensive" enough. For Hamas and Tehran, only the destruction of Israel as a Jewish state is "comprehensive."

But Israel's present leaders are realists who have looked at the vast changes in the international environment—the collapse of the Soviet Union, the destruction of radical Arab nationalism, the sweeping social and demographic changes in Israel—and concluded that this is the moment to make Israel's frontiers a permanent part of the Middle East landscape.

Mr. Rabin and Mr. Peres understand that the passage of time and the weathering of the soul are essential tools of politics and diplomacy, as important as any "process" that diplomats create. For seeking to create a new, geographically defined and secure Israel, they are worthy recipients of the Nobel Peace Prize.

The Washington Post

To Move More Confidently Across the Bridge of Peace

By Abba Eban

HERZLIYYA, Israel—As foreign minister of Israel in 1968 I opened a high-level dialogue with Jordan which my colleagues and successors continued year by year. It is natural that I should now watch the signature of the Jordanian-Israeli peace treaty with deep satisfaction.

The "bridge of peace" spanning the River Jordan has taken the Middle East peace process beyond the point of no return.

It may seem churlish to indicate clouds on so promising a horizon. But the relations between the three sets of leaders involved should be more harmonious and confident than they are.

Israelis should read King Hussein's observations on the Palestinian problem with real-

ism. He has made it clear that he would not be signing a peace treaty with Israel this week if the PLO had not released him from responsibility for the Palestinian cause by signing the Declaration of Principles on Sept. 13, 1993, on the White House lawn.

Israeli leaders should avoid the impression that they regard the Palestinian sector of the negotiation with aversion and distaste. There is no Israeli interest in aggravating Jordanian-Palestinian tensions.

Israeli statehood stands in the center of a triangular relationship. Whatever structure emerges, there will always be three, not two parties in this equation. Political parties that

praise the Jordanian treaty and curse the Palestinian accord are living in a dream world.

Israeli, Jordanian and Palestinian leaders are tied together inextricably. Geography, history and mutual interest give them no escape. No Israeli interest is served by delaying the implementation of the Declaration of Principles.

The notion of "separation" expressed by Prime Minister Yitzhak Rabin is a rational and pragmatic response to the tragic Hamas atrocities. It is not a long-term answer. The future

of the region lies in the development of integrative procedures, based on community obligations with an intense commerce of ideas and projects

flowing across a limited space.

There is no bright future for any of the three peoples if they live in isolation. This thought illustrates the urgency of more Palestinian effort to prevent further Hamas outrages, which have gravely weakened the regional conception.

Taking experience to heart, we Israelis have tried to set our nation on a road in which the opportunities outweigh the dangers. With Arab and Muslim states opening themselves one by one to Israeli contacts, the idea of a new Middle East is no longer an illusion.

The writer is a former deputy prime minister and foreign minister of Israel. This comment was distributed by the Los Angeles Times Syndicate.

Italy After Berlusconi: A Tale of Two Outcomes

By William Pfaff

ROME—It will be the best of worlds. It will be the worst of worlds. In Rome, you can hear both opinions about what will happen to Italy when Prime Minister Silvio Berlusconi is gone. There is broad expectation, however, that Mr. Berlusconi will indeed go.

The optimists say that Italy still has an opportunity to renew its political society. It possessed this first in the years from 1945 to 1948, but the Soviet Union and the United States, through the interposed Communist and Christian Democratic parties, imposed a sterile and static political division that lasted more than 40 years and corrupted Italian state and society. The optimists say that this time it can be different.

Those with a dark view of the future say that the neofascists—one now should say ex-fascists, as the neofascist party has voted to reinvent itself—led by Gianfranco Fini will inherit Italy's government when Mr. Berlusconi is gone.

They say the ex-fascists of Mr. Fini are worse than the real fascists of Benito Mussolini because Mussolini, for all that must be said against him, was an intelligent man (contrary to the caricature view common outside Italy)

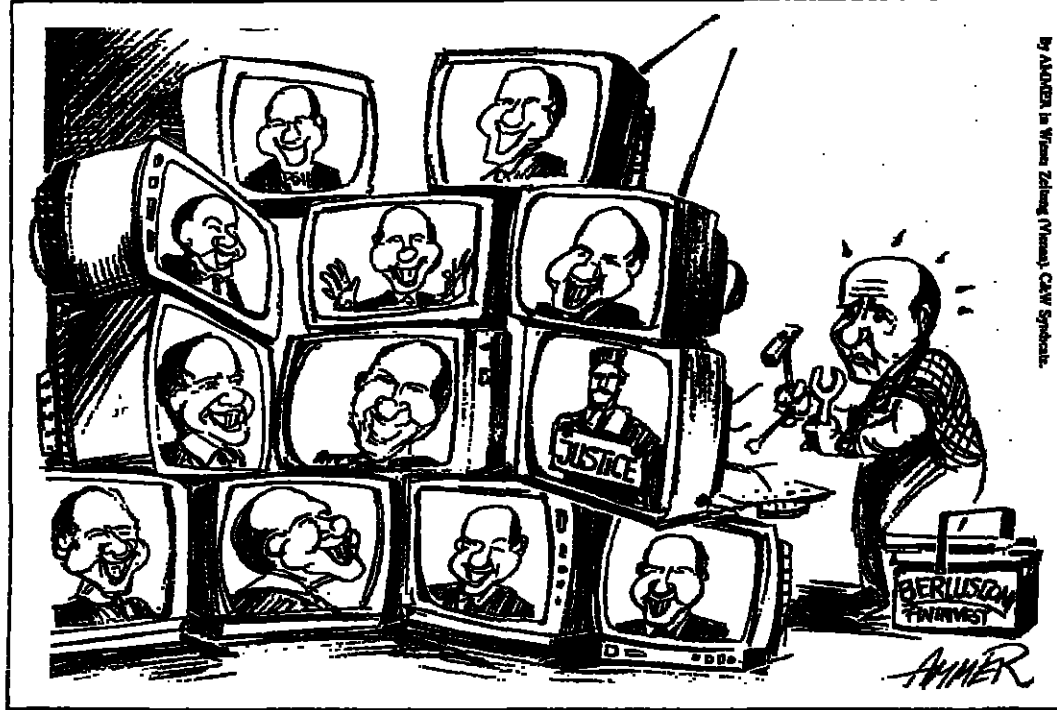
and had a rational program, destroyed by the alliance with Hitler. The followers of Mr. Fini, they say, are neither intelligent nor proponents of a program, other than to take power.

Why will Mr. Berlusconi fall, or quit? The answer to that lies in his motive for entering national politics in the first place, and in the contradictions that have followed.

Mr. Berlusconi became a candidate in order to protect himself and his business interests. He did so when the latter were threatened by the election of a reform government and he had lost the protection of Bettino Craxi, the former Socialist prime minister, now living in Tunisia (for medical reasons, he says) and refusing to be questioned by Italian judges.

Mr. Berlusconi, as national television and press baron, was the creation of Mr. Craxi and of the coalition Socialist-Christian Democratic governments led or influenced by Mr. Craxi. Those governments permitted Mr. Berlusconi to build an empire of private television stations, publications and publishing houses despite Italian laws meant to limit media concentration.

He became one of Italy's business titans, but his success was crucially related to the political



favor he enjoyed. His television empire was even awarded a bridgehead in Socialist-governed France in the late 1980s. France's first private television franchise—which collapsed, under Berlusconi management.

According to the former editor of the national newspaper *Corriere della Sera*, Piero Ottone, writing in Rome's *La Repubblica*, Mr. Berlusconi created *Forza Italia*, his political movement, and made himself a candidate for prime minister because he feared

that a government under leftist or centrist leadership would dismantle his media empire and that he himself might be prosecuted for corruption.

The latter has happened to many of Italy's entrepreneurs and industrial captains since the country's magistrates began their attack on politico-economic crime two years ago. Mr. Craxi himself said recently that "all" of Italy's great enterprises have been corrupted, unmistakably implying that Mr. Berlusconi's Fininvest is included.

According to Mr. Ottone, friends and associates of Mr. Berlusconi warned him that it would be extremely dangerous to peg his defense upon becoming the country's prime minister. However, Mr. Berlusconi is a gambler and is said to have believed that while he might increase his risks in public office, he would augment his power to defend himself.

He and his spokesmen say today that the judges are politically motivated when they attack him and his corporate record. The judges have been cautious since he entered the Palazzo Chigi, the prime minister's official residence. However, their investigations have continued.

Mr. Berlusconi has so far failed to resolve the conflict of interest between his corporate holdings, including ownership of private television channels, and his position as prime minister in charge

of state television. He is unwilling to sell his corporations. He has proposed a form of blind trust for them that has yet to satisfy Parliament and public.

He also has policy problems. He has not found a way to reduce the country's national debt without jeopardizing the prosperity that Italy has enjoyed since 1992, when the lira was allowed to float. Italy has since had an export boom with strong economic growth, while inflation has actually declined—the result, mainly, of enduring social peace.

Prime Minister Berlusconi, as candidate, promised tax cuts and a reduced deficit, and in office has attacked what everyone agrees is the principal cause of that deficit, a corrupt social insurance and pension system. However, he has done this without a convincing reduction in other government expenditures. The result has been a general strike that brought 3 million people into the streets on Oct. 14.

His government at the same time is riven by internal divisions, with the head of the regionalist Northern League, Umberto Bossi, as often as not opposing the government to which his party belongs. This is not, Romans say, a situation that can go on for long, and the interesting question is what will come next. Mr. Fini would like to think that he will.

International Herald Tribune
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The Doom of Liberty in Hong Kong?

By Martin C. M. Lee

The writer is chairman of the Democratic Party of Hong Kong.

HONG KONG—When China takes over Hong Kong at midnight on June 30, 1997, its first official act will be to scrap our elected Legislative Council. This month Beijing announced the creation of a "temporary" legislature to pass Hong Kong's laws after the changeover.

This unelected body, with no fixed term of office, will undoubtedly rubber-stamp all laws that the Communist leadership wants. There has been shockingly little international outrage over China's flouting of the 1984 Chinese-British Joint Declaration, which indicated that Hong Kong would retain its capitalist economy and that the people would govern themselves in all matters except defense and foreign affairs.

The United States, as the standard-bearer of world democracy, and Britain, our colonial ruler, should stand up to the bullies from Beijing. One good start would be persuading the last governor of the territory, Chris Patten, to use his near-dictatorial powers to enact strong institutions of democracy and human rights protection.

Since the Tiananmen massacre in 1989, it has become apparent that China has plans very different from the ones Deng Xiaoping and Margaret Thatcher signed 10 years ago. Each day brings a chilling new sign of what the future may hold: a muzzled press, a corrupted legal system, a loss of basic liberties and freedoms.

Beijing also undermines our economic affairs. This month it reiterated that it would not allow construction of a much needed container terminal because one

of the contractors was Jardine Matheson Holdings, a British company that had not toed Beijing's anti-democratic line. China has also used any pretext to insert itself into the planning of our new \$16.5 billion airport.

As Mr. Deng's health deteriorates, the uncertainty over who will replace him as the paramount leader has paralyzed decision-making in China. None of the Chinese elite can afford to look soft when dealing with Western leaders or human rights issues. In this power vacuum, Hong Kong provides the most convenient target for hard-line dogma. Thus dialogue on Hong Kong has ground to a halt.

China has done this in part to punish Governor Patten, who defied it by allowing an increase in the number of directly elected seats on the Legislative Council and by lowering the voting age to 18 from 21. Beijing's uncompromising policy notwithstanding, there are many things that he must accomplish before the transfer of sovereignty.

Press freedom is under siege, with an increasing number of Hong Kong reporters being arrested in China. This summer a Chinese propaganda official threatened the owner of a new newspaper here for its critical coverage of China. The official, Huang Xinhua, declared that Hong Kong journalists should "be wise" and "act in line with the circumstances."

Mr. Patten could help by im-

mediately repealing the draconian colonial laws authorizing press censorship. These laws are largely unused but are still on the books, and Chinese leaders are eager to use them to stifle our media after the transfer.

Our legal system is imperiled by China's threats to abolish our Bill of Rights and common law system. Mr. Patten must shore up the legal system by creating the Court of Final Appeal, as described in the Joint Declaration. This tribunal would be similar to the U.S. Supreme Court. Judges from the United States and other countries whose legal systems derive from Britain's would be invited to sit on the court as required.

Beijing's demonstrated lack of respect for human rights makes it imperative that Mr. Patten set up an independent Human Rights Commission, as has been strongly urged by Britain's House of Commons and numerous human rights groups. So far he has refused, saying that such a commission is unnecessary. Easy for him to say, as he will not be in Hong Kong after 1997.

The people of Hong Kong desperately need these institutions to preserve our freedoms. If China can be persuaded to accept them, well and good. If not, Mr. Patten must go ahead and create them, as he is empowered to do by British colonial law.

If Beijing wishes to scrap Hong Kong's free society and democratic institutions after 1997, it should at least be forced to do so in full view of the international community, and not through the silent complicity of the colonial government.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Chancellor Resigns

BERLIN—The conflict in the Prussian Cabinet has ended in the defeat of Count Caprivi. The Chancellor-to-day [Oct. 26] handed in his resignation to the Emperor. [The Herald says in an editorial:] Hitherto it was believed that Count Caprivi was the man who represented the personal policy of the Emperor and that he would never be abandoned by his Sovereign. To-day there remains only the triumph of the Conservative—read reactionary—policy, and the fact that Count Caprivi is beaten.

1919: Revolutionary Plot

GENEVA—Documents found on agents of Lenin who have just been expelled from Switzerland prove that an international revolution had been prepared for November 7. The workers in all countries were to be called upon

to strike on behalf of revolutionary Russia and the suppression of the blockade. The revolutionary action was to be developed by the conversion of the strike movement into an armed revolt.

1944: Disaster for Japan

PACIFIC FLEET HEAD-QUARTERS [From our New York edition:] Japan has been reduced to a third-rate sea power and her empire defenses have been gravely impaired as a result of the disastrous naval defeat administered by the United States fighting planes and ships in the Philippine Sea and the central Philippine area. The victory, the most important naval achievement of the war, was secured at extremely low cost in personnel and ships. Again American seamanship and training demonstrated clear superiority over those of the enemy.

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Editor: Asia, Michael Richardson, 3 Cantonment Rd., Singapore (011) Tel: (65) 772-7788, Fax: (65) 774-2334
Singapore, 30 Raffles Rd., Hong Kong, Tel: (852) 9223-1188, Fax: (852) 9223-1190
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OPINION

Race and Intelligence: Mrs. Maxwell Would Put It Best

By Bob Herbert

NEW YORK — In Montclair, New Jersey, where I grew up in the 1950s and '60s, there was an elderly woman named Mildred Maxwell who would greet the periodic outbursts of segregationists and other racial provocateurs with the angry and scornful comment, "There isn't a hell hot enough for that man and his ideas."

Mrs. Maxwell comes to mind whenever I think (angrily and scornfully) about Charles Murray and his book "The Bell Curve," a scabrous piece of racial pornography masquerading as serious scholarship.

Mr. Murray fancies himself a social scientist, an odd choice of profession for someone who would have us believe that he was so sociologically ignorant as a teenager that he didn't recognize any racial implications when he and his friends burned a cross on a hill in his hometown of Newton, Iowa.

In a New York Times Magazine article by Jason DeParle, Mr. Murray described the cross-burning as "dumb." But he insisted, "It never crossed our minds that this had any larger significance."

Oh, no. Of course not. Now, in middle age, Mr. Murray gets his kicks by thinking up ways to drape the cloak

of respectability over the obscene and long discredited views of the world's most rabid racists. And so "The Bell Curve," written with Richard Herrnstein, who died last month, promotes the view that blacks are inherently inferior to whites.

It's an ugly stunt, Mr. Murray can protest all he wants, his book is just a genteel way of calling somebody a nigger.

The book shows that, on average, blacks score about 15 points lower than whites on

Most serious scholars know that the book's conclusions are bogus.

intelligence tests, a point that was widely known and has not been in dispute. Mr. Murray and I (and many, many others) differ on the reasons for the disparity.

I would argue that a group that was enslaved until little more than a century ago; that has long been subjected to the most brutal, often murderous oppression; that has

been deprived of competent, sympathetic political representation; that has most often had to live in the hideous physical conditions that are the hallmark of abject poverty; that

has tried its best to survive with little or no prenatal care, and with inadequate health care and nutrition; that has been segregated and ghettoized in communities that were

then redlined by banks and insurance companies and otherwise shunned by business and industry; that has been systematically

frozen out of the job market; that has in large measure been deliberately deprived of a reasonably decent education; that has been forced to cope with the humiliation of being treated as inferior, even by

imbeciles — I would argue that these are factors that just might contribute to a certain amount of social pathology and to a slippage in intelligence test scores.

Mr. Murray says "no." His book strongly suggests that the disparity is inherent, genetic, and that there is little to be done about it.

Most serious scholars know that the conclusions drawn by Mr. Murray and Mr. Herrnstein from the data in "The Bell Curve" are bogus. The issue has been studied ad nauseam and the overwhelming con-

sensus of experts in the field is that environmental conditions account for most of the disparity when the test results of large groups are compared.

The last time I checked, both the Protestants and the Catholics in Northern Ireland were white. And yet the Catholics, with their legacy of discrimination, grade out about 15 points lower on IQ tests.

There are many similar examples. Scholars are already marshaling the evidence needed to demolish "The Bell Curve" on scientific grounds. But be assured that when their labors are completed and their papers submitted, they will not get nearly the attention that "The Bell Curve" has received.

A great deal of damage has been done. The conclusions so disingenuously trumpeted by Mr. Murray were just what millions of people wanted to hear. It was just the message needed to enable whites to distance themselves still further from any responsibility for the profound negative effect that white racism continues to have on all blacks.

Mildred Maxwell is no longer with us. I wish she were. Just once I would like to hear her comment on Mr. Murray and his book.

The New York Times.

Job Security Is Not a Perk If Marriage Is Your Career

By Anna Quindlen

NEW YORK — It so happened that in the hours before Lady Diana Spencer was to become the Princess of Wales in 1981, I was working on a story on New York's Eighth Avenue, hanging out with a group of prostitutes.

At daybreak I intended to go home and watch the royal wedding, my companions to get some sleep.

MEANWHILE

But before we parted they gave an unforgettable valediction to the bride. "She's got the richest john in the world," one of the women said.

This purely commercial view of matrimony seemed exceedingly harsh. But if published reports are to be believed, the princess is nearly as cynical about her marriage now as the women working the West Side of Manhattan were on her wedding day.

And a new biography of her husband reflects an arrangement more like a family business transaction than a love affair.

Like so many other women, the 19-year-old Diana, unsure of who she was and what she cared for, decided to make her career that of wife. Today that can be a very, very lousy line of work, particularly with nothing else to fall back on.

And what sometimes happens to the women who pursue it is the best argument imaginable for teaching girls that they should always be able to take care of themselves.

This is palpable in the letters from women who think that the story of the century is that of their divorce. And for them, it is. Once upon a time they went into the wife business, and now they have been laid off, often because what their husband wanted years ago is not what he wants today.

They expected to share in his good fortune, to grow older amid the best that his salary could provide, in exchange for something once called homemaking. Instead they find themselves dusting off teaching credentials as old as their oldest child and trying to remake a life at middle age.

Studies of divorce in the United States have shown that after the split a woman's disposable income will plummet while that of her husband rises. The princess will survive the money crunch. But who will she be after the divorce? He gets the friends, the country house, even the country.

One of the cruellest parts of being an out-of-work wife is the loss of identity. One woman says that what finally did her in was the name, the

"Mrs. John Smith" on another woman's stationery.

Take the case of Betty Broderick, serving a long prison sentence for the murders of her ex-husband and his second wife. Betty had seen her husband through professional school, skipped and saved in the early lean years, car-pooled the kids, cheered at soccer games.

She worked long and hard at wifehood, and then her husband left her. And she went berserk, incapable of building a new life because who she was, the job she had always counted on, was to be Mrs. Dan Broderick.

There are those who say that the changes in the lives of women in the last 25 years mean that the life Betty Broderick embraced has gone the way of the tuna casserole. But that ignores the truth: that statistics and trends and the ways of the world rarely dissuade us from the notion that we can somehow beat the odds.

Some months ago Parade magazine ran a letter that one young man had written in 1991 about his dream woman: "I want to marry a woman of the '90s," he wrote. "The 1990s."

He wanted a wife who would "stay home, clean the house, wash dishes and clothes and do many other household tasks."

At the time, a young woman responded: "That's the kind of person I've always wanted to be... I don't really ever want to work." And when I read her letter I wanted to pick up the phone, to warn her that men leave, that maybe some day the boy who wanted a woman of the 1990s would opt for a 21st-century fox instead.

They plan to marry in March. I thought my acquaintances monumentally cynical that warm night in July 1981, even taking into account how many times they had traded sex for money with a man wearing a wedding ring. How long ago that seems.

The princess, once an emblem of romantic love, has now become a representative of how horribly things sometimes turn out when a woman hitchhikes all her hopes to one man's star, an object lesson in the need for self-reliance and a life of one's own.

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

The Ghosts of Vichy

I was astonished to read William Pfaff's article "The Old Roots of Vichy" (Oct. 19). His claim that the French have undergone repeated discussion of the Vichy years since 1972 is true, but his assertion that they have confronted that period is not. This was obvious at the trial of the Lyon militia chief Paul Touvier in April this year, when national newspaper coverage in France showed that the nation was as divided as ever.

LOUISE BERNSTEIN, Paris.

Deterring Terrorists

Regarding "A U.S. Diplomatic Flurry: New Pressure on Terrorists Is Urged" (Oct. 20) by Paul F. Horvitz:

It is reassuring to learn that the United States is again becoming active on the terrorism issue by pressing state sponsors of international terrorism to cease and desist.

The U.S. State Department has not fulfilled its commitment to achieve justice this year for the families of victims of the Pan Am 103 bombing over Lockerbie, Scotland, in which 270 people died. The department had promised to secure stronger sanctions in the UN Security Council against Libya to press the Gadhafi government to hand over for prosecution in Britain or the

United States the two Libyan agents indicted in those countries in connection with the bombing.

Aside from the issue of justice for the victims and their families, there is the issue of global deterrence. As we have seen in Tel Aviv, not all terrorist fanatics and their sponsors will be deterred by the threat of sure punishment. But not a single one will be without it.

HARRIS O. SCHOENBERG, New York.

On a Malaysian Movement Regarding "Sect's Sex Slaves? Malaysia Is Wary" (Oct. 11):

The Malaysian government's banning of the Al Arqam movement was not politically motivated, despite the assertions of some of those quoted in the article.

The Al Arqam movement was banned because of religious considerations. Al Arqam had deviated from the true teachings of Islam and was misguiding its members.

It was also developing in isolation from the mainstream Malaysian society. In a multi-racial, multi-religious and multi-cultural Malaysia, such development is not in keeping with the aim of creating a truly united Malaysian society.

How can the banning be called political, or the leader of Al Arqam be described as a political threat to the prime minister, when Al Arqam has only 10,000 full-time members

and 100,000 sympathizers? The prime minister's political party has more than 2 million members.

The Western media are quick to condemn fundamentalist Muslim groups in other Muslim countries, especially in the Middle East, as destructive and even dangerous.

In the case of Al Arqam, the Malaysian government is being criticized for an action that is in the interest of Malaysian society as a whole.

ABAS BIN SALLEH, Director-General, Information Services Malaysia, Kuala Lumpur.

Taking Clinton's Measure

Regarding "Where Bush Dallied in '90, Clinton Leaps Into Breach" (Oct. 11) by Douglas Jehl:

Those who hail President Bill Clinton's swift deployment of forces to the Gulf as the long-awaited demonstration of his resolve inevitably accentuate this troubling aspect of his presidency. Or do we not take it for granted that any American president would have responded in this manner to Saddam Hussein's latest provocation? Specious comparisons between this ready-made deployment and the situation confronting President George Bush in 1990 are unconvincing, even shabby, given the incumbent's known opposition at the time to his predecessor's determination to repulse Saddam.

There is a general misapprehen-

sion in the Clinton White House that "process" is negligible and all that counts is the bottom line. But in foreign affairs, the various states keep their own books and, for some, if not many, the bottom line on Haiti will be the hectic and dilapidated prelude to the current occupation there. Given the complexity of the coalition against Iraq, the Haitian example does not augur well for the negotiations that lie ahead.

BARBARA FLECK, Mannheim, Germany.

What Clinton Promised

The current attitude of some congressional Democrats who would rather go it alone in November than have campaign help from President Bill Clinton, puts a harsh and disfiguring light on their candidacies. A mere two years ago, following 12 years of Republican nongovernment, the United States elected a president because he had vowed to stand for change — change meaning a pro-active government, one that would act on the urgent deficit, crime and health care issues.

The Clinton candidacy never promised a popular windfall from attacking the status quo. Many of those who would take credit for real deficit reduction, improvement in the economy, passage of a crime bill, putting health care on the national agenda, astute Supreme Court appointments and foreign policy chal-

lenges met now seek election without giving credit to whom it is due.

DONALD J. CARROLL, Chairman, Democrats Abroad-Italy, Rome.

Rose, Owen and Bosnia

Regarding "More of This for Bosnia" (Letters, Oct. 18) from P. Desmond:

It is surely the case that Lieutenant General Sir Michael Rose, an able and far from witless soldier, embodies in his "shamelessly disguised rhetoric" the adage that intelligence is the measure of one's ability to adapt to the environment in which one finds oneself. Lord David Owen, ambitious and wily, uses his rhetoric to press for that more permanent post he seeks at the New York headquarters of the United Nations.

R. G. HART, Vienna.

Inside Great Men's Heads

Regarding "Of Green Teeth and Great Men" (Opinion, Oct. 12) by Edwin M. Yoder Jr.:

It is a mistake to equate "pathology" with psychobiography. Mr. Yoder himself has tried in the past to throw light on George Washington's political motives and actions by examining his early experience. How else could one do so, and what is this if not psychobiography?

ELIZABETH MARVICK, Paris.

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love, joy —
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just Charlie Brown.

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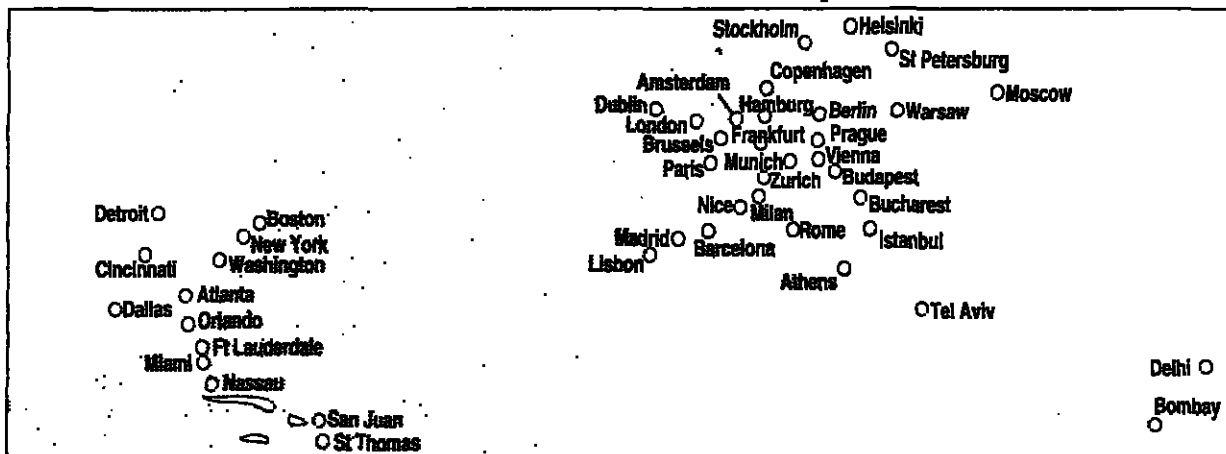
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HEALTH / SCIENCE

The Case
Of a Man
Who Defies
ScienceStill Growing at 28,
His Body Lacks
Estrogen ReceptorsBy Natalie Angier
New York Times Service

NEW YORK — He was a towering young fellow, nearly 6 feet 8 inches, the sort of height that prompts strangers in elevators to ask, "Do you play basketball?" or "How's the weather up there?"

But that wasn't the problem — too tall is better than too short in this culture, right? And, yes, his feet and hands were unusually big; his size 18 shoes were beginning to pinch. But that wasn't what brought him to the doctor, either.

No, it was his gait. His knock-knees were getting ever more pronounced, the upper legs twisting inward so that his knees were too close together, his ankles too far apart, his feet splayed, his abnormal walk a growing embarrassment to him. So he consulted an orthopedic surgeon.

By the time his case had been reviewed in detail, his bones X-rayed, his blood sampled, his genes assayed and analyzed, he had overturned a long-standing medical paradigm, belied the endocrinology textbooks and defied scientific predictions merely by being alive.

The young man, whose identity is being kept confidential by his doctors, has a genetic defect never seen before in a human, one that is supposed to be so devastating that he should not even be alive.

The cells of his body lack a component needed to allow them to respond to estrogen, a hormone once thought to be critical to life. He makes plenty of estrogen in his adrenal glands, his testes and elsewhere, as men normally do, but he lacks the receptor necessary to allow his body tissues to respond to the estrogen he generates.

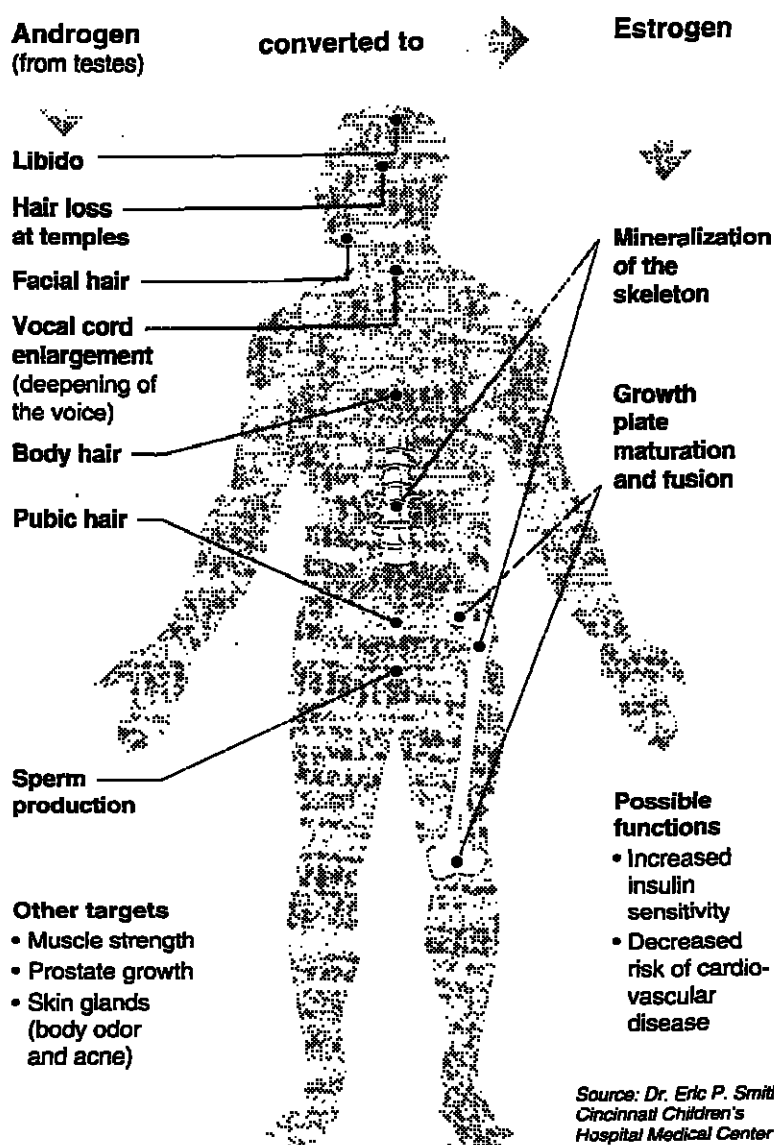
According to scientific presumption, a person without estrogen receptors should have died in the womb, or perhaps ended up with a grossly distorted central nervous system. Yet here he is, healthy in appearance and normal by most measurements, with a couple of outstanding exceptions.

At age 28, he, at 6 foot 8 (more than 2 meters), is still growing. His epiphyses, the tips of the bones which are supposed to harden and fuse together at about 18 and thus spell an end to skeletal growth, remain soft and cartilaginous, as though he were a 15-year-old boy who is still upward — and outward — bound.

"He told me the other day that he just moved up to a size 19 shoe," said Dr. Eric P. Smith, a pediatric endocrinologist at the University of Cincinnati College of Medicine. Dr. Smith and collaborators from several institutions describe the paradigm-smashing case in *The New England Journal of Medicine*.

How Hormones Sculpture a Male

Estrogen, converted from androgen, is as important for the male as it is for the female for normal bone growth and structure.



Source: Dr. Eric P. Smith/
Cincinnati Children's
Hospital Medical Center

Frank O'Connell/The New York Times

At the same time that the young man's bones are elongating, they are also becoming progressively weaker and more porous. As it turns out, he suffers from osteoporosis of a degree that might be expected, said Dr. Smith, "in an elderly, postmenopausal woman."

The two symptoms together — lack of epiphyseal closure and the degradation of the bone structure — surprised all the researchers who took part in the study. The findings demonstrate that estrogen is as important to a man's bone strength and skeletal structure as it is to a woman's; in the past, doctors thought that male hormones, the androgens, controlled bone development in men.

THE symptoms also suggest that estrogen acts directly on bone cells, rather than through an indirect mechanism, as had been proposed. The young man's bone cells, like all his other cells, lack the estrogen receptor and so are unable to benefit from the strengthening influence of the hormone coursing through his bloodstream.

Without the estrogen signal, his skeleton is gradually demineralizing, the calcium dissolving away like chalk in water. The

means for preventing further decay remain unclear; estrogen replacement therapy cannot help a man whose cells are deaf to estrogen's call.

Beyond its relevance to medical understanding of bone metabolism, the case of the man without estrogen receptors highlights science's profound ignorance about the role of the sex steroids, the estrogens and the androgens, in dictating human physical or psychological growth. Although estrogen is commonly thought of as a female hormone and testosterone — the most famed of the androgens — as a male hormone, in fact both sexes produce considerable amounts of the other's hormones. In addition to manufacturing estrogen, men also turn some of their circulating androgens into estrogens, which then act on the body's tissues in various ways.

The man without estrogen receptors may lead to a radical reinterpretation of how the male and female hormones independently influence the body and brain. Not only does he challenge the notion that estrogen responsiveness is fundamental to life, he also appears to contradict a widely accepted idea that estrogen is an essential signal for shaping the masculine brain and forming its sexual identity.

Institute of Allergy and Infectious Diseases, Georgetown University and the Chiron Corp. said the new test will also help doctors determine how effective AIDS treatment is, and will be useful in evaluating experimental treatments.

"By measuring changes in virus levels, it may prove possible to plan effective, individualized treatment strategies for patients, and to rapidly determine the minimal effective doses of new drugs," said the institute's clinical director, Dr. Clifford Lane.

The test is described in the *Journal of Infectious Diseases*.

Analysis of Vikings' Teeth
Supports Ice Age Theory

WASHINGTON (WP) — An analysis of tooth enamel from Vikings who lived in Greenland centuries ago supports the theory that their colonies on the huge island died out because of a major period of global cooling known as the Little Ice Age.

Henry C. Frick, a University of Michigan graduate student in geology, and James R. O'Neill, his professor, reported the findings at a meeting of the Geological Society of America in Seattle.

Historians have long known that Vikings from Norway were living in Greenland at least as long ago as 1000 A.D., along with the indigenous Inuit people. But by 1850 the villages of both groups had been abandoned. It has generally been thought that the habitations died out because the Earth's climate underwent a pronounced cooling that began around 1300 and ended about 1850. The planet has been warming ever since.

Honeybees Help to Spread
A Pest-Killing Crop Virus

WASHINGTON (Reuters) — U.S. scientists say they have developed a new method of crop pest control, using honeybees to spread a pest-killing virus.

The bees pick up the virus from trays of talc as they crawl out of their hives at the Department of Agriculture research service in Tifton, Georgia. As the bees buzz from flower to flower in search of pollen and nectar, the virus and powder rubs from their legs and attacks corn earworm larvae, the Agriculture Department spokesman said.

John Hamm, an entomologist, says the virus powder is harmless to bees.

Remember This: Stress and Memory

By Daniel Goleman
New York Times Service

NEW YORK — Do you remember where you went on your first date? Or the most terrifying scene of the last movie that really frightened you? And what you were doing when you heard the news that the space shuttle Challenger had blown up?

The fact that most people have detailed answers for such questions testifies to the power of emotion-arousing events to sear a lasting impression in memory.

Scientists believe they have now identified the simple but cunning method that makes emotional moments register with such potency: It is the very same alerting system that primes the body to react to life-threatening emergencies by fighting or fleeing.

The "fight or flight" reaction has long been known to physiologists: The heart beats faster, the muscles are readied and the body is primed in the most primitive of survival instincts. These and other distinctive reactions are triggered by the release into the bloodstream of the hormones adrenaline and noradrenaline.

The same two hormones, it now appears, also prime the brain to take very special note in its memory banks of the circumstance that set off the fight-or-flight reaction. The discovery "suggests that the

brain has two memory systems, one for ordinary information and one for emotionally charged information," said Dr. Larry Cahill, a researcher at the Center for the Neurobiology of Learning and Memory at the University of California at Irvine. Dr. Cahill and colleagues published the findings in *Nature*.

The emotional memory system may have evolved because it had great survival value, researchers say, insuring that animals would vividly remember the events and circumstances most threatening to them.

THE findings confirm in humans the relevance of 15 years of research on the neurochemistry of memory with laboratory rats by Dr. James L. McGaugh, director of the Irvine center and a co-author of the paper. His work with animals had implicated adrenaline and noradrenaline in emotional arousal and memory.

"I think it's very exciting," Dr. Larry Squire, a research scientist specializing in memory at the medical school of the University of California at San Diego, said of the findings.

The experiment depended on use of a drug known to block the effects of adrenaline and noradrenaline and on seeing if it impaired emotion-laden memories in subjects told a horrifying story.

In the study volunteers watched a slide presentation with one of two narratives. In the neutral, rather boring, version a mother and her son go for a walk to visit his father at the hospital where he works; the story describes the bland details of what he saw on the way and while there.

But in the upsetting version, the boy is critically injured in a terrible accident on the way, and rushed to the hospital where he is treated for severe bleeding in the brain and a surgical team struggles to reattach his severed feet.

Before hearing one or another version of the story, half the volunteers received an injection of propranolol, a drug that nullifies the usual effects of adrenaline and noradrenaline by plugging up the receptor sites on the surface of cells that normally respond to the two hormones.

A week later, the volunteers were given a surprise memory test for details of the story. The volunteers who did not get the propranolol remembered more of the upsetting details of the story than the neutral parts, showing that even minor emotional distress enhances memory — a result found in many previous studies.

The key finding was that those volunteers who received the adrenaline-defeating drug were worse at recalling the upsetting details of the story — but not the neutral details — than were those who had no injection.

New Light on Astronomer's Legacy

By Barry James
International Herald Tribune

PARIS — In the foreword to his monumental catalogue of the stars, the medieval astronomer Ulugh Beg asked posterity to "forgive and correct" his work. But using powerful computers, modern scientists have found little to fault in his dense trigonometrical calculations.

Ulugh Beg's homeland, the modern state of Uzbekistan, is celebrating the 600th anniversary of his birth as a symbol of its newly rediscovered national identity. Under communism, emphasis on Ulugh Beg and other Mongol rulers was officially discouraged as nationalism and anti-Soviet and little was published about them, according to Shurart Eghamberdiev, head of the Astronomical Institute of the Uzbek Academy of Sciences.

Three years after throwing off the Soviet system and gaining its independence, the Uzbek government is seeking to remind the world of its contribution to modern science. This week, it organized an international symposium and exhibition on the life and times of Ulugh Beg at UNESCO headquarters in Paris. It is also setting up an International Institute of Central Asian Studies in Samarkand to mark the anniversary.

Ulugh Beg followed generations of mathematicians in central Asia, one of the greatest of whom was the ninth-century Islamic scholar Muhammad ibn Musa al-Khwarizmi. He was known in the West as Al-Khwarizmi, which yielded the word algorithm.

Al-Khwarizmi also wrote a book explaining Hindu arithmetic, which was called "Restoring and Balancing." The Arabic word for "restoring" — *al-jabr* — is the root for the word algebra.

Eghamberdiev's department contributes to a project called IRIS or International Research on the Interior of the Sun — a fitting subject, since another Uzbek scientist, Al-Biruni, is believed to be the first, in the 11th century, to have studied the solar corona.

Every 20 days, scientists carrying 30-kilogram (66-pound) backpacks climb to an observatory on a 2,300-meter (7,550-foot) peak, 70 kilometers (43 miles) northeast of Tashkent, to observe the oscillations of the sun. Along with the observatory at Tenerife in the Canary Islands, the Uzbek institute provides the bulk of the raw data for the project, coordinated by the University of Nice.

Buried under meters of snow in winter, the astronomers spend three weeks at a stretch at the observatory. Each of two scientific teams spends 150 days a year on the mountain peak, isolated from the outside world except for a radio-telephone link.

Eghamberdiev said the project is observing the sun as a star to find out how other stars might be formed. Ulugh Beg could only have approved. "Religions disappear like the mist," he said. "Empires decay. But the work of scientists lasts for eternity."

Ulugh Beg, grandson of the Mongol conqueror Tamerlane, was governor of Samarkand, where he established an Islamic institute of higher learning. He then built the world's largest scientific instrument, a meridian arc with a 40-meter (130-foot) radius to measure star coordinates. Staffed like a modern observatory by astronomers, mathematicians, engineers and librarians, the vast instrument was used to create a catalogue of 1,018 stars, known as the New Astronomical Tables.

It was the first such venture in 1,700 years since the Greek astronomer Hipparchus drew up a catalogue, later revised by Ptolemy, with about 1,000 stars.

After Ulugh Beg was murdered by his son in a palace intrigue, the tables were taken to Istanbul, where they were discovered by a British scholar and published by Oxford University in 1648.

They created admiration in Europe, where they helped to compile the naviga-

tional charts on which explorers and colonizers depended.

The catalogue was frequently reprinted, most recently in Washington in 1917. But Ulugh Beg's name disappeared into obscurity. Ulugh Beg built his meridian arc 150 years before Tycho Brahe constructed the first real observatory in Europe in 1576 and almost two centuries before Galileo invented the telescope.

The arc was a sextant or quadrant consisting of two parallel arcs of marble-faced brick, buried 11 meters underground and sweeping 30 meters into the sky. By taking measurements from each arc and averaging the result, Ulugh Beg was able to compensate for slight errors in the sighting position.

So accurate were the star tables that Ulugh Beg's calculation of the sidereal year differs by only eight seconds from the modern figure, established with the help of supercomputers. The sidereal year is the time in which the earth completes one revolution of its orbit around the sun as measured with respect to the fixed stars.

ONE legend is that Ulugh Beg was condemned like Galileo for heretical beliefs, but Eghamberdiev said he believed this was anti-religious propaganda spread by the Communists. It is unlikely, he said, because of the reverence that early Islam held for mathematics and astronomy. Knowledge of the stars had many practical applications, such as determining the start of Ramadan, siting cities with relation to Mecca and drawing up astrological predictions for the rulers.

After Ulugh Beg's death, the meridian arc fell into disuse and was forgotten for several centuries. The underground section was rediscovered by Russian archaeologists in 1908. Eghamberdiev said he would like to see the instrument restored, under the direction of astronomers, to find out exactly how it worked.

A Parting of Waters in the Pacific

By Walter Sullivan
New York Times Service

NEW YORK — Observations from space shuttles and other vehicles have shown a remarkable and clearly visible line that marches for hundreds of miles straight across the Pacific Ocean as if the waters were being divided.

Scientists are not invoking a miracle to explain the strange phenomenon, but the line is nevertheless a wonder of nature. They attribute the dark green line, which is from one to several miles wide, to an abundance of microscopic plants that thrive along the meeting line between cold, nutrient-rich water welling up from polar seas and warm equatorial currents. The explosion of life from this encounter feeds much of the ocean.

Westward-moving waves delineating this encounter have been traced across

more than 4,000 miles (6,400 kilometers) of the Pacific from the vicinity of the Galapagos Islands in the east to an area south of Hawaii.

On the surface, this produces a series of wave fronts, spaced about 600 miles apart, that move west 30 miles a day. This meeting of hot and cold water masses has been observed in whitecaps, narrow bands of rich biomass and sharp changes in water surface temperature.

The observations, described in *Nature*, showed enormous production of the microscopic sea creatures known as diatoms. They formed a narrow band of very dark green water, "a distinct line in the sea" visible for hundreds of miles.

It has long been known that such equatorial encounters generate abundant life, producing equatorial diatom deposits as much as three miles thick, but never before has such an eruption of marine life been so readily observed on the surface.

The diatom lines seem to be an ancient phenomenon. From cores of sediment extracted from the equatorial sea floor, scientists in the Ocean Drilling Program have found that from 15 million to 4.4 million years ago there were bursts of ocean productivity far greater than even the most striking instances of the current era.

Over the millennia the periods of high productivity, followed by sudden mortality, produced showers of diatom shells forming sharply defined layers and a "chalk line" on the sea floor.

As the Pacific floor drifted northwest, this chalk line, having been formed at the Equator, became buried in sediment, but drilling has reached it, confirming such motion over the past 150 million years. Although the chalk line originated at the Equator, it has been found so close to the volcanic islands of Japan that traces of Japanese eruptions are found with the chalk.

IN BRIEF

Hubble Makes a Giant Leap
In Measuring the Universe

WASHINGTON (Reuters) — Astronomers are closing in on one of the most elusive statistics ever — the age and size of the universe — with the discovery of the precise distance between Earth and galaxy M100, scientists said on Wednesday.

New methods of calculating space distances, by the refurbished Hubble Space Telescope, have established that M100, in the Virgo cluster of galaxies, is 51 million light-years away from the Milky Way.

Wendy Freedman, an astronomer at the Carnegie Institute in Washington, said that the measurement "is a critical milestone" in a systematic program to measure the scale, size and age of the universe.

Test May Help Individualize
Treatment for AIDS Patients

WASHINGTON (Reuters) — A new test can help determine the levels of HIV in a patient's bloodstream, helping doctors choose the best course of AIDS therapy, researchers said on Wednesday.

A team of researchers at the National

Analysis of Vikings' Teeth
Supports Ice Age Theory

WASHINGTON (WP) — An analysis of tooth enamel from Vikings who lived in Greenland centuries ago supports the theory that their colonies on the huge island died out because of a major period of global cooling known as the Little Ice Age.

Henry C. Frick, a University of Michigan graduate student in geology, and James R. O'Neill, his professor, reported the findings at a meeting of the Geological Society of America in Seattle.

BOOKS

MEASURE FOR MEASURE: A Musical History of Science

By Thomas Levenson. 351 pages. \$25. Simon & Schuster.

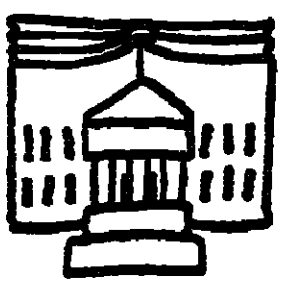
Reviewed by
Stephen S. Hall

WHAT did Antonio Stradivari know that Isaac Newton didn't? That question is one of the worms turning at the heart of Thomas Levenson's "Measure for Measure," an idiosyncratic and thoroughly engaging history of science. In a very imaginative and appealing conceit, Levenson retells a familiar history from an unfamiliar angle — as a dialogue between music and science stretching from ancient Greece to our digital present, where the craftsmen who build musical instruments have as much to say as the theorists who explain how they work, each firmly rooted in their time and place, each revealing how changes in

WHAT THEY'RE READING

• Richard Young, one of the best known paparazzi, is reading, "Brando: The Biography," by Peter Manso.

"For me he's the best actor of all time. Manso uncovers so many facets of Brando's genius with mastery and rhythm. He perfectly illustrates this huge giant of a man wrestling with himself and those around him." (Margaret Kemp, IHT)



music reflect changes in what we scientifically know and how we know it. "An instrument, a machine, contains within it," Levenson writes, "a kind of archaeology of ideas: its design and construction reveal what its builders thought were important to try to do — what they wanted to get at or produce."

The story of Stradivari ("Stradivarius" in the Latinized form), who made breathtakingly beautiful cellos as well as

violins, illustrates a pivotal point in this argument. Levenson, the author of "Ice Time" and a producer of television documentaries about science, points out that Stradivari lived at roughly the same time as Newton and Johann Sebastian Bach, learned his trade in the Cremona shop of Nicolo Amati and by about 1760 was making his own instruments. There are no outstanding technical secrets to Stradivari's methods, and in

the newly embraced spirit of Newtonian investigation — where anything in nature, from the solar system to a cello, can presumably be understood if taken apart — scholars have literally deconstructed these instruments and taken their measure. We know exactly how thin Stradivari made the backs of his instruments (thinner than most), what kind of varnish he used, out of which wood he made its parts. We know that the sound of a cello is nothing more than a most pleasing exercise in acoustical physics, and we know everything there is to know about those physics. We know that Stradivari repeated his experiment many times, because he produced many gorgeous-sounding instruments.

But, as Levenson notes, "the core principle of the new experimental science was that what one person can discover any other can find again," so why can't anyone reproduce Stradivari's experiment? Why can't anyone else produce such

beautiful instruments? Into that inability, Levenson reads nothing less than the crippling limitations of mechanistic Newtonian physics. "The inherent unpredictability that permeates the task of building a first class cello means that the hunt for a law, for the list of rules for building a Stradivari, cannot succeed," he says. "And as for the cello, so for most of nature."

In similar fashion, Levenson pauses to examine a number of instruments (most musical, some not) through history and explores what they say about our concept of nature: how Pythagoras saw in the first primitive organ the connection between abstract mathematics and real sound; how Gregorian chants and their simple monophonic melodies reflected the more general retreat in the Middle Ages from the scientifically richer Pythagorean cosmology; and how the discovery of harmony after the Dark Ages "represented undiscovered territory, as promising and mysterious as

the interior of a newly discovered continent."

Harmony ultimately brings us to Bach, and a delicious paradox. "From the moment that harmony seemed a good idea," Levenson writes, "the only issue was where to put the dissonances, the imperfections, imposed by the arithmetic of sound." That arithmetic demanded that when major thirds are in agreement, their octave will fall horribly out of tune, which is why Bach's clavichord was "well-tempered" — tuned just a bit out of tune to smooth out the arithmetic dissonance inherent in those scales.

With each step in this evolution from Pythagorean organs through Stradivari cello to hypercello, Levenson argues that instruments provide us with a firmer scientific grip on a smaller piece of territory.

Stephen S. Hall, whose most recent book is "Mapping the Next Millennium," wrote this for *The Washington Post*.

BRIDGE

By Alan Truscott

MAREK Szymanski and Marcin Lesniewski were involved in a crucial appeal on the diagrammed deal that had the potential to deprive them of the World Open Pairs title.

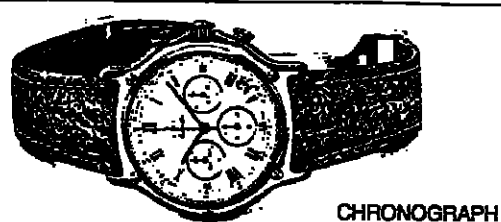
They had played East and West against a Swedish pair that was probably fatigued. The first three bids were natural, using a four-card major style, and the two-spade bid by North was artificial: It was a relay asking South to describe his distribution, and three hearts promised a four-card spade suit.

Unfortunately North could not remember what three hearts meant in his system, and after a great deal of thought bid three no-trump. South converted this to four hearts, and East-West summoned the tournament director. He ruled that South had gained information from North's hesitation, and barred the final bid of four hearts. The result was therefore recorded as three no-trump down one.

The Swedish player appealed this ruling, and a committee produced a Solomonian ruling: It decided that there was an even-money chance that South would have bid four hearts without any hesitation, and that the players should receive the average of the score for making four hearts and the score for failing in three no-trump.

NORTH (D)			
♠ A 7 5 3			
♥ 7 5			
♦ J 10			
♣ A Q 9 7 3			
WEST			
♠ 10 6 4			
♥ 2			
♦ A K 7 5 2			
♣ K 8 6 5			
EAST			
♠ Q 2			
♥ K 8 4 3			
♦ Q 9 8 3			
♣ A Q 8 7 2			
SOUTH			
♠ K J 9 8			
♥ Q J 10 9 8			
♦ 6 4			
♣ J			
Both sides were vulnerable. The bidding:			
North	East	South	West
Pass	Pass	1 ♠	Pass
2 ♠	Pass	2 ♥	Pass
3 NT	Pass	3 ♥	Pass
Pass	Pass	Pass	Pass

West led the diamond king.

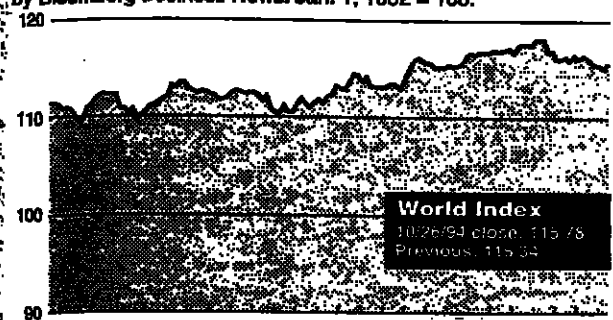


CHRONOGRAPH



THE TRIB INDEX: 115.78

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index: 115.78 (Previous: 115.24)

Asia/Pacific: 129.79 (Prev: 129.57)

Europe: 118.95 (Prev: 115.95)

North America: 126.92 (Prev: 125.39)

Latin America: 135.32 (Prev: 134.13)

World Index: 115.78 (Prev: 115.24)

The index tracks U.S. dollar value of stocks in Tokyo, New York, London, and other major markets.

For more information about the index, a booklet is available free of charge.

Write to Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

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Prudential To Face Criminal Charge

By Kurt Eichenwald

New York Times Service

NEW YORK — After more than a year of investigation, Federal prosecutors are expected to file a criminal complaint Thursday against Prudential Securities, alleging that the brokerage house engaged in a large-scale fraud in its sale of limited partnerships during the 1980s, people with knowledge of the inquiry said.

While little seems to stand in the way of bringing the complaint, people involved in the situation said that unanticipated events could create last-minute snags delaying the filing in Federal District Court in Manhattan. Still, these sources said that, as of Wednesday, there appeared to be no hitch.

Under an agreement reached this month, the complaint will not be a formal indictment handed up by a grand jury trial. Instead, the government has agreed to defer prosecution for an expected year or more, essentially placing Prudential under something akin to voluntary probation.

If the firm is found to have violated the law before the period ends, the prosecutors could bring an indictment with the same charges as the criminal complaint.

Along with the criminal complaint, the government will file a statement from Prudential, which acknowledges wrongdoing at the firm in its sale of limited partnerships.

Spokesmen for Prudential and the prosecutors declined to comment.

Last year, Prudential settled civil fraud charges with federal and state securities regulators, agreeing to compensate the defrauded investors. The scandal's cost to the company, including legal fees, is now in excess of \$1 billion.

France Readies State Tobacco Company for Sale
Government Seeks Price for Maker of Gauloises

Reuters

PARIS — France took the first step on Wednesday toward privatizing the 300-year-old state tobacco company, a move as politically symbolic as the decision to sell part of its stake in the automaker Renault.

Finance Minister Edmond Alphandery said he had opened a competition for banks to advise on the value and sale price of Société d'Exploitation Industrielle des Tabacs et des Allumettes, or SEITA. The company owns all France's cigarette factories, which make the pungent Gauloises and Gitanes brands, and controls the distribution of all other brands.

The cigarettes, packed with black tobacco, have been as much a part of the French national identity as the baguette or the bottle of red wine.

SEITA was founded by Louis XIV's finance minister, Jean-Baptiste Colbert, in the second half of the 17th century. The company developed the Caporal brand for the French army from the cheapest tobacco available.

Financial analysts valued the company at between 7 billion and 8 billion francs (\$1.37 billion to \$1.57 billion).

Mr. Alphandery declined to specify exactly when shares in the tobacco company would be sold. "I am only opening the selection procedure for the adviser banks," he said. "I am not announcing the privatization today."

An industry source said SEITA could be sold in 1995, before the presidential elections in April and May.

Mr. Alphandery also indicated the government intended to press ahead with its ambitious privatization plan despite the tumbling stock market. He repeated his goal of quickly selling the insurance company Assurances Générales de France.

"Personally, I would like AGF to be privatized as soon as possible — as soon as market conditions allow," he said.

Mr. Alphandery said the process of choosing banks for the sale of SEITA would not change the timetable for selling AGF. Antoine Jeancourt-Gaignani, the chairman of AGF, said this month that he expected the sale to go forward in January or February.

The government sold 50.24 percent of the largest insurance company in France, Union des Assurances de Paris, this year. That sale met with strong demand and raised about 19 billion francs.

Mr. Alphandery said the partial sale of Renault also was going well and that institutional investors had largely oversubscribed their tranches. He said it was too early to give a firm indication of how the marketing to private investors was going.

The sale of Renault was controversial, sparking fears in France that the privatization would jeopardize jobs. The French government, which owned 79 percent of Renault, See FRANCE, Page 13

Ford Rides Recovery And Doubles Its Profit

By Lawrence Malkin

International Herald Tribune

NEW YORK — Riding the worldwide recovery, Ford Motor Co. reported Wednesday that its profit in the third quarter more than doubled, to \$1.12 billion, and the carmaker expects the good times to continue rolling in America and Europe.

Although the third quarter fell short of the record of \$1.71 billion for the previous quarter, the figure was surprisingly strong for a quarter traditionally plagued by slow sales. It was bolstered not only by good U.S. business in minivans and pickup trucks but a turnaround in Europe from loss to profit.

Chairman Alexander Trotman said the present U.S. economic cycle had "quite a bit of strength left" and Ford's chief financial officer said that unless U.S. interest rates rose dramatically, the recovery could last three to five years more. Moreover, said Mr. Trotman, the European recovery was just getting started "and we expect to

see continued improvements in most countries."

Wall Street analysts were uniformly impressed by Ford's profit of \$1.04 a share, more than double the figure of 40 cents last year. Ford stock was down 12.5 cents at \$29.125. Detroit's Big Three have together reported third-quarter profits of \$2.3 billion, triple last year's total.

For the investor, the news had a wider significance, said Vivian Lewis, editor of Global Investing, a newsletter that specializes in international stocks.

"Well-run multinationals in any country will profit handsomely from the worldwide upswing, and when the dollar turns around, European blue-chip companies that earn greenbacks from their American operations will do very well indeed," she said.

Having spent almost a decade cutting costs and improving quality as the first of the Big Three to reform, Ford was best positioned to capitalize on the auto industry's classic economies of scale when sales rose, and that is just what has happened. Worldwide revenue in the third quarter came to \$30.6 billion, up 25 percent from a year earlier, and sales of cars and trucks rose from 1.3 million to 1.5 million units.

U.S. automotive operations earned a record \$578 million, up from \$333 million, and those outside the United States made \$23 million, reversing a \$261 million loss in the third quarter of 1993.

Profit was \$25 million in Europe alone, where Ford separates out the accounts of its Jaguar subsidiary, which is recovering but still posting a loss.

A year earlier, Ford of Europe had a loss of \$217 million and Jaguar recorded a loss of \$108 million, \$65 million of which was for write-offs and layoffs. This year, Jaguar cut its loss to \$53 million despite start-up costs for the redesigned XJ6 sedan, which Ford hopes will pull its luxury British acquisition out of the red during the current cyclical upturn.

Boeing's Profit Falls, Its Stock Rises

Bloomberg Business News

SEATTLE — Boeing Co. said Wednesday its third-quarter net income fell 2 percent. The results exceeded analysts' expectations despite recent delays in airplane orders from some of the world's major airlines.

Boeing posted a profit of \$185 million, compared with \$189 million a year earlier. Sales fell to \$5.1 billion from \$5.2 billion.

Boeing shares rose 12.50 cents to \$43.25.

The company said sales and earnings continued to decline mostly because of fewer commercial airplane sales and, to a lesser degree, higher debt expenses and lower investment income.

The decline was partially offset by the company's ability to lower its federal income tax rate to 24.7 percent in the first nine months of this year around \$2.5 billion, 15 percent below last year's 31.6 percent in the year-earlier period. Its year's. He also said sales were expected to be at third-quarter tax rate was even lower, at 21 percent.

Frank Shrontz, the company's chairman, commented to paint a bright picture for the airline deliveries, a lower tax rate and lower research industry and for Boeing, although its recovery and development expenses."

might be further away than Boeing earlier anticipated.

Boeing had hoped by now to have large orders for seven from both Saudi Arabia and China, among others, but the slow recovery of the airline industry and the world economy has held those orders back.

Saudi Arabia's proposed order for about 60 jetliners has been delayed for about five months, while Chinese government officials said Wednesday that their airlines are losing money and any new plane purchases must be approved by government officials.

Mr. Shrontz said he expected the U.S. airline industry as a whole to record a net profit this year, ending several years of decline.

He said the company expects 1994 sales to be 24.7 percent in the first nine months of this year around \$2.5 billion, 15 percent below last year's 31.6 percent in the year-earlier period. Its year's. He also said sales were expected to be at third-quarter tax rate was even lower, at 21 percent.

Gary Reich of Prudential Securities said the report was "very good because of higher airplane

INTERNATIONAL MANAGER

Cashing In on Generation X

By Glenn Rifkin

New York Times Service

NEW YORK — When Houston Effler & Partners, an advertising agency with \$213 million in billings, wants to know what's on the mind of Generation X, it turns to Jane Rinzler, its youth marketing director who, at 26, is a living, breathing database on the likes and dislikes of Americans in their 20s.

"Gen-Xers don't have mortgages, spouses or children to send to college," she said. "They spent \$95 billion in 1992, which is a significant market. It's time they started building brand loyalty, but marketers tend to be afraid of Xers because you can't market for them like you can for the baby boomers."

"Boomers watched men walk on the moon; Generation X watched the Challenger blow up. There was a general lack of stability."

The message for clients, she said, is to "make a promise and stick to it."

Most agencies think they need a similar prize-taker for this particular generation. Many use outside marketing consultants, but in Ms. Rinzler, Houston Effler thinks it has found the Hailon it needs.

Ms. Rinzler spends more than 70 hours a week crisscrossing the country, haunting club, attending concerts, cruising shopping malls and visiting campuses and trendy clothing stores — talking, listening and observing both teenagers and her peers. Her mission: to find the nuggets of truth that sway teenagers or members of Generation X to buy or think a certain way.

For a recent Converse print campaign aimed at teenage girls, Ms. Rinzler's research suggested that girls liked the idea of wearing a man's shoe but that a low-key sell was necessary. The resulting ad featured a young woman wearing the Jack Purcell canvas sneakers and scoffing at an advertisement for women's underwear.

"She has the rare mix of somebody who can walk the walk and talk the talk of the kids," said Mr. Obama, director of advertising at Converse.

When Houston Effler was pitching the Massachusetts Department of Public Health for a \$14 million anti-smoking campaign aimed at young people, Ms. Rinzler talked to students in high schools and on campuses, searching for the emotional spark that could ignite the campaign.

"I kept hearing these young people saying how badly they felt that their smoking would influence their younger brothers and sisters," Ms. Rinzler recalled. Armed with that nugget, Houston Effler created a series of anti-smoking ads that won them the account.

Doug Houston, the agency's chairman, said it had recruited Ms. Rinzler from FCB/Leber Katz Partners when it landed the Converse account.

At 16, while a student at the Horace Mann School in the Bronx, Ms. Rinzler decided to write a book about teenagers. She was tired of the so-called experts, usually their 40s, who she felt did not have a clue and were not even asking the right questions.

She landed a contract with a small publisher and set to work, sending questionnaires to hundreds of teenagers across the country, seeking their real feelings. The book, "Teens Speak Out," led, while she was still in high school, to consulting jobs.

Talent Agency and 'Baby Bells' Plot a Media Link

By Bernard Weinraub

New York Times Service

LOS ANGELES — The Creative Artists Agency and three regional Bell companies are expected as early as next week to form a venture that would offer video entertainment programming for telephone customers on the East and West coasts, of the United States, movie-industry executives say.

The venture would involve Bell Atlantic Corp., Nynex Corp. and Pacific Telephone Group Inc., which have hired Michael Ovitz, the most powerful talent agent in Hollywood, to organize an enterprise that could provide movies and programming for as many as 46 million businesses and homes.

Representatives of the agency and the three telephone companies are planning to work through the weekend to complete the deal.

The planned collaboration would be the latest and biggest effort by the Baby Bells, or regional telephone companies, with their ample cash reserves to make competitive gains against cable systems and by using phone lines running into homes and allowing millions of subscribers to call up interactive and entertainment services.

On Tuesday, Sprint Corp., America's third-largest long-distance carrier, and three of the country's biggest cable television companies said they would jointly upgrade their existing networks, which

serve neighborhoods with a total of 30 million homes, to offer both wired and wireless telephone services.

People involved in the negotiations said Tuesday that the entertainment programming service, which would operate by phone and be viewed on television screens, is to start on a small scale on the East Coast late next year and rapidly accelerate on both coasts in 1996.

The three phone companies would put up at least \$500 million to start the venture, in which the Creative Artists Agency would serve as strategic consultant.

Federal Communications Commission rules will require any Bell company

to set up a programming company separate from its telephone services organization in providing video this way.

Under Mr. Ovitz's plan, negotiators said, the phone companies and the agency were setting up two new companies.

One would develop and distribute programs and services — including movies, video on demand, home shopping, games, conventional television shows and interactive programs. The other company would provide the technological skills crucial in expanding the venture. Creative Artists Agency is to advise both companies.

What makes the deal unusual is that Mr. Ovitz and his agency are playing a

See MEDIA, Page 13

GE Faces Another Threat to Its Reputation in Antitrust Case

By Richard Ringer

New York Times Service

NEW YORK — General Electric Co. has finally put its Kiddier, Peabody & Co. fiasco behind it with the decision to sell the troubled securities firm to PaineWebber Inc. But a problem potentially more damaging to GE's reputation came on stage Wednesday in federal court here.

The Justice Department will begin making its case that GE, long considered one of America's best-managed and most profitable companies, tried to increase profit in its industrial diamonds business by bidding

up prices in concert with its chief competitor.

It and De Beers Centenary AG, the Swiss affiliate of De Beers Consolidated Mines Ltd., control 90 percent of the \$1 billion market for synthetic diamonds like those used on oil-drill bits and precision factory-cutting tools.

What prompted the government's attention were accusations from a former GE executive who once said GE and De Beers had fixed prices in 1991 and 1992 when a worldwide recession should have kept prices down.

The executive, Edward J. Rus-

sell, former chief of the GE superabrasives unit, which makes the diamonds, made the accusations after GE said it dismissed him for poor performance.

Mr. Russell contended he had been dismissed for blowing the whistle on the price-fixing scheme, but later recanted, saying in an affidavit that "during my entire employment at GE, I never had any personal knowledge of any antitrust wrongdoing."

He added: "I never had

any personal knowledge of any other illegal conduct by GE personnel."

Both GE and the government have a lot riding on their handling of this case. For the Justice Department, it is the first antitrust case to go to trial in about two decades, and a victory would be an important symbol of the aggressive leadership of Anne K. Bingaman, the assistant attorney general for antitrust.

For GE, the trial puts under a microscope the intensely competitive company's business practices. If GE is found guilty of criminal conduct, it would be a very visible black eye.

The case "goes to the heart of how they do business," said Dan K. Webb, a former U.S. attorney who is defending the company. GE has denied any wrongdoing. While it announced price increases for diamonds during

See GE, Page 13

CURRENCY & INTEREST RATES

Cross Rates									
	Oct. 26	Oct. 26	Oct. 26	Oct. 26	Oct. 26	Oct. 26	Oct. 26	Oct. 26	Oct. 26
1 U.S. dollar =	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1 British pound =	1.6548	1.6548	1.6548	1.6548	1.6548	1.6548	1.6548	1.6548	1.6548
1 French franc =	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596
1 German mark =	1.9364	1.9364	1.9364	1.9364	1.9364	1.9364	1.9364	1.9364	1.9364
1 Italian lira =	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27
1 Japanese yen =	106.48	106.48	106.48	106.48	106.48	106.48	106.48	106.48	106.48
1 Swiss franc =	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836
1 Australian dollar =	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548
1 Canadian dollar =	0.7106	0.7106	0.7106	0.7106	0.7106	0.7106	0.7106	0.7106	0.7106
1 Hong Kong dollar =	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900
1 New Zealand dollar =	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740
1 South African rand =	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603
1 Australian dollar =	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548	0.7548
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1 Hong Kong dollar =	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900	7.7900
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1 South African rand =	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603	13.7603
1 Australian dollar =	0.7548	0.7548							

MARKET DIARY

Strong Earnings Fail to Lift Stocks

Compiled by Our Staff From Dispatches

NEW YORK — The stock market was weaker Wednesday as strong earnings from a handful of companies were unable to offset concern about rising interest rates.

The Dow Jones industrial average finished down just 2.36 points, at 3,848.23, while the

U.S. Stocks

climbing issues outpacing advances on a 6-to-5 ratio on the New York Stock Exchange.

The price of the benchmark 30-year Treasury bond slipped 6/32 point, to 93 1/32, taking the yield up to 8.06 percent from 8.04 percent Tuesday.

Bond yields have been driven up by concern that U.S. economic growth has outstripped the Federal Reserve Board's efforts to curb inflation, which erodes the value of fixed-income securities. Expectations that the Fed is expected to raise interest rates again soon are keeping bond traders nervous.

Higher rates "are holding the market hostage despite these spectacular earnings," said Mary C. Farrell, market strategist at

PaineWebber. Ford, Procter & Gamble and Sara Lee were among the companies reporting earnings Wednesday that exceeded analysts' expectations.

The most actively traded issue on the Big Board was Sprint, which fell 1 to 32 1/4 a day after announcing a venture with three major cable television operators to develop telephone service for local markets.

Continental Airlines' B shares plunged 2 1/2 to 15 after its chief executive, Robert Ferguson, resigned. The airline posted a small profit in the third quarter, reversing a loss in the year-earlier period, but indicated it faced a difficult fourth quarter.

Marion Merrell Dow rose 1 1/2 to 25 1/4; the drug company's 12 percent drop in third-quarter earnings was not as severe as analysts expected. Telefonos de Mexico continued to suffer from poor earnings reported Tuesday. The phone company's American depositary receipts fell 1 to 56 1/2.

U.S. Surgical dropped 3/4 to 23 1/4 after reports suggested the company may not be a takeover target as had been rumored. (Bloomberg, AP)

France's Offer of Help Buys Fragile Dollar

Bloomberg Business News

NEW YORK — The dollar steadied just above its post-World War II low against the yen Wednesday after Finance Minister Edmond Alphandery said France was ready to help the United States support the dollar if necessary.

The comments countered speculation that European cen-

steady from its close on Tuesday in New York.

"People are nervous about intervention" in the wake of Mr. Alphandery's remarks and statements from U.S. Treasury officials last week that the United States would buy dollars if necessary, said Amy Smith, senior currency strategist at IDEA, a consulting firm.

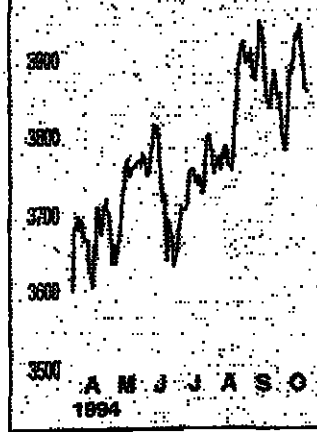
But she said she did not expect central banks to mount a dollar rescue unless the currency tumbled to 145 DM or lower. In the meantime, traders said the dollar would have probably plummeted further in the absence of any fears of intervention.

Signs of slower economic growth helped the dollar a bit, dealers said. The currency firmed after the Commerce Department said durable-goods orders rose at a smaller-than-expected rate in September.

Against other currencies, the dollar was quoted at 1.2420 Swiss francs, down from 1.2492 francs, and at 5.1035 French francs, down from 5.1225 francs. The pound rose to \$1.6380 from \$1.6360.

Via Associated Press Oct. 26

The Dow Daily closings of the Dow Jones Industrial average



NYSE Most Actives

Symbol	Vol.	High	Low	Last	Chg.
SPY	75,452	33 1/4	33 1/4	33 1/4	-1 1/4
IBM	7,890	74 1/2	74 1/2	74 1/2	-1 1/2
GE	4,127	24 1/4	24 1/4	24 1/4	-1 1/4
MSFT	3,245	27 1/4	27 1/4	27 1/4	-1 1/4
INTL	2,852	24 1/4	24 1/4	24 1/4	-1 1/4
DIS	2,745	24 1/4	24 1/4	24 1/4	-1 1/4
GO	2,652	24 1/4	24 1/4	24 1/4	-1 1/4
BA	2,545	24 1/4	24 1/4	24 1/4	-1 1/4
W	2,438	24 1/4	24 1/4	24 1/4	-1 1/4
AMZN	2,331	24 1/4	24 1/4	24 1/4	-1 1/4

NASDAQ Most Actives

Symbol	Vol.	High	Low	Last	Chg.
INTL	71,856	24 1/4	24 1/4	24 1/4	-1 1/4
GO	7,185	24 1/4	24 1/4	24 1/4	-1 1/4
DIS	6,127	24 1/4	24 1/4	24 1/4	-1 1/4
IBM	5,127	24 1/4	24 1/4	24 1/4	-1 1/4
MSFT	4,127	24 1/4	24 1/4	24 1/4	-1 1/4
W	3,127	24 1/4	24 1/4	24 1/4	-1 1/4
AMZN	2,127	24 1/4	24 1/4	24 1/4	-1 1/4
GO	1,127	24 1/4	24 1/4	24 1/4	-1 1/4
DIS	1,127	24 1/4	24 1/4	24 1/4	-1 1/4

AMEX Most Actives

Symbol	Vol.	High	Low	Last	Chg.
INTL	71,856	24 1/4	24 1/4	24 1/4	-1 1/4
GO	7,185	24 1/4	24 1/4	24 1/4	-1 1/4
DIS	6,127	24 1/4	24 1/4	24 1/4	-1 1/4
IBM	5,127	24 1/4	24 1/4	24 1/4	-1 1/4
MSFT	4,127	24 1/4	24 1/4	24 1/4	-1 1/4
W	3,127	24 1/4	24 1/4	24 1/4	-1 1/4
AMZN	2,127	24 1/4	24 1/4	24 1/4	-1 1/4
GO	1,127	24 1/4	24 1/4	24 1/4	-1 1/4
DIS	1,127	24 1/4	24 1/4	24 1/4	-1 1/4

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
NYSE	75,452	33 1/4	33 1/4	33 1/4	-1 1/4
AMEX	7,185	24 1/4	24 1/4	24 1/4	-1 1/4
NASDAQ	6,127	24 1/4	24 1/4	24 1/4	-1 1/4

Via Associated Press Oct. 26

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Indust.	3,848.23	3,858.23	3,838.23	3,848.23	-2.36
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Chem.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Standard & Poor's Index

Index	Open	High	Low	Last	Chg.
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Chem.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

NYSE Indexes

Index	Open	High	Low	Last	Chg.
Composite	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

NASDAQ Indexes

Index	Open	High	Low	Last	Chg.
Composite	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

AMEX Stock Index

Index	Open	High	Low	Last	Chg.
Composite	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Dow Jones Bond Averages

Bond	Open	High	Low	Last	Chg.
20 Bonds	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
10 Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
10 Industrials	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

NYSE Diary

Index	Open	High	Low	Last	Chg.
Composite	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

AMEX Diary

Index	Open	High	Low	Last	Chg.
Composite	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

NASDAQ Diary

Index	Open	High	Low	Last	Chg.
Composite	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Spot Commodities

Commodity	Open	High	Low	Last	Chg.
Crude Oil	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Gold	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Silver	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Industrials

Index	Open	High	Low	Last	Chg.
Indust.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Transp.	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
Utilities	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Via Associated Press Oct. 26

EUROPEAN FUTURES

Index	Open	High	Low	Last	Chg.
ALUMINUM (LME)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
COPPER (LME)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
LEAD (LME)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Metals

Index	Open	High	Low	Last	Chg.
ALUMINUM (LME)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
COPPER (LME)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
LEAD (LME)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

Financial

Index	Open	High	Low	Last	Chg.
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH YEN (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

3-MONTH STERLING (LIFFE)

Index	Open	High	Low	Last	Chg.
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH YEN (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

3-MONTH EURO (LIFFE)

Index	Open	High	Low	Last	Chg.
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH YEN (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

3-MONTH YEN (LIFFE)

Index	Open	High	Low	Last	Chg.
3-MONTH YEN (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

GERMAN GOVERNMENT BOND (LIFFE)

Index	Open	High	Low	Last	Chg.
GERMAN GOVERNMENT BOND (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

REGULAR

Index	Open	High	Low	Last	Chg.
REGULAR	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

CORRECTION

Index	Open	High	Low	Last	Chg.
CORRECTION	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

STOCK INDEXES

Index	Open	High	Low	Last	Chg.
STOCK INDEXES	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH STERLING (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23
3-MONTH EURO (LIFFE)	1,234.56	1,244.56	1,224.56	1,234.56	-1.23

COMMODITY INDEXES

Index	Open	High
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For information on how to list your fund, fax Simon 0250BN 1/200 0000

AS - Australian Dollars; AU - Austrian Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; GB - Great Britain Pounds; HK - Hong Kong Dollars; IT - Italian Lira; JY - Japanese Yen; L - Luxembourg Francs; M - Mexican Pesos; N - New Zealand Dollars; P - Portuguese Escudos; S - Spanish Pesetas; SF - Swiss Francs; T - Turkish Lira; US - United States Dollars; Y - Yugoslav Dinars.

Wednesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

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Continued on Page 16

Russia Buys For Inflation And West

11/11/1964

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مكة امنه لصل

German Builders Hope Eastern Dream Continues

Bloomberg Business News
DRESDEN, Germany — Some day, Heinrich Stuffer will wake up and the dream will be over. As the marketing director for Germany's second-biggest building-supply wholesaler, Mr. Stuffer has been a beneficiary of the unprecedented boom that this and other German construction companies are enjoying in the former East Germany, Europe's hottest market.

And in his opinion, the wakeup call will not come soon.

"I think this boom is going to last 14 years," said Mr. Stuffer, who works for BayWa Handels-Systeme-Service GmbH, a company in Munich. "It's just like it was after the Second World War — the growth will continue for at least 20 years."

Four years after Germany absorbed its Communist-run sister state, the construction boom is gathering so much momentum that many agree it will carry into the next century.

Eastern Germany recorded a 42.7 percent growth in apartment and house construction

during the first half of this year, and growth is poised to exceed that in 1993.

As Western Germany's construction market groans under rising taxes, German and foreign builders are moving east to take part in a western-led, government-subsidized reconstruction.

Sales for Germany's largest manufacturer of building insulation, Grünzweig & Hartmann AG, are rising at a rate of nearly 25 percent a year in Eastern Germany, said Beate Scheffel, a company official. Grünzweig, based in Ludwigs- hafen in Western Germany, is a unit of Compagnie de Saint-Gobain, the French glass and insulation maker.

"It's been like this ever since we came in after the Wall came down in 1990," Mrs. Scheffel said. "It's hard to say how long this boom will last, but at least five years, I think."

Likewise, Mr. Stuffer's company, BayWa, is notching double-digit annual growth in sales in the former East Germany, where it distributes

wood, metal and rock building products via franchises.

Although East German construction is heavily subsidized by the federal and state governments — the state of Saxony alone has spent 1 billion Deutsche marks (\$670 million) on public projects since 1990 — a growing number are being financed by private investors.

"That is a misconception, that this boom is all somehow artificial or paid for by the government," said Karl Robl, president of the building association. "Roughly a third of all investment here is private. And it is growing every year."

Most of the companies cashing in on the construction frenzy are from Western Germany, where they have lengthy histories, sophisticated operations and, most important, access to financing.

At the Dresden trade association meeting, there were few local residents. Most had flown over from such Western cities as Munich and Frankfurt, as well as what used to be West

Berlin, where their companies are headquartered.

"It's a boom that's being totally orchestrated by the west," one diplomat said.

In Eastern Germany, where unemployment is officially 14 percent but unofficially is thought to be closer to 20 percent, that message wasn't lost on the popular premier of Saxony, Kurt Biedenkopf, who appealed for opportunities for his constituents.

"The problem we have is that the large West German companies come over here, and they bring all of their suppliers and customers with them," Mr. Biedenkopf said. "We must find a way to fix this."

Until medium-sized companies get established, Eastern Germany's construction boom may suddenly fade when the government's subsidies end, perhaps in this decade.

"Outwardly, the reunification of Germany is taking shape," said Fritz Eichbauer, president of the building industry group.

Russia Budgets For Inflation Cut And Western Cash

By Fred Hiatt

Washington Post Service
MOSCOW — The Russian government has prepared its most ambitious anti-inflation program yet, a 1995 budget that would bring monthly inflation rates down to 1 percent but would require unprecedented infusions of Western cash, Russian and Western officials said.

Prime Minister Viktor S. Chernomyrdin, renewing his commitment to tight-money policies in the wake of a ruble crash this month, is scheduled to defend the budget plan before a skeptical Parliament on Thursday.

There is no assurance that the Parliament will endorse it, no guarantee that the government will stick to its resolutions and no certainty that Western governments and organizations will come up with the billions that Russia is counting on to make it work.

But Lawrence H. Summers, U.S. Treasury undersecretary, who is concluding a round of meetings with Mr. Chernomyrdin and other top officials, said he was encouraged by "a commitment to serious stabilization." He said the political leadership here had taken the ruble's fall on Oct. 11, now known as "Black Tuesday," as "a wake-up call."

"It's clear that Russian economic reform is at an important crossroads, and it's clear that the government is charting a course forward," Mr. Summers said at a news conference.

Russia's commitment to fighting inflation is key to the success of its economic reforms in general, since high rates of inflation scare away investment. But to reduce inflation, the government must make many unpopular decisions, ending subsidies to ailing factories and collective farms and limiting social spending.

Mr. Summers said that Russia had made substantial progress in shifting enterprises from the state to the private sector and, not coincidentally, in lowering the inflation rate — from as much as 30 percent a month last year to about 5 percent in August.

But, bowing to political pressure this summer, the government accelerated its lending, fueling the inflation rate and undermining the ruble. Mr. Chernomyrdin said the credits were essential to feed Russia's bankrupt north and keep its farms going, but many critics say much of the money ended up in the private bank accounts of factory directors and bureaucrats.

Now, Mr. Chernomyrdin and his cabinet have proposed a budget that would eliminate central bank credits as a source of funds. The plan is being discussed with a visiting team from the International Monetary Fund, whose loans would be essential to make the plan work.

"The discussion for the first time is about real stability, rather than just a transition that involves slowing down the inflation process," a Western official said. "The plan involves 'more radical reform' than has ever been proposed, and more financial aid, the official said."

Alexander Pochinok, deputy head of the budget committee of the Duma, or lower house of Parliament, said the government was counting on \$12.7 billion in outside aid. About \$7.5 billion of this would come from international organizations, mostly the IMF.

Mr. Summers said he expected the IMF to approve a ruble stabilization fund, a key lending component, only in "a political environment where it was reasonable to expect a stable ruble."

Ukraine to Get Loan
The IMF was expected to approve a \$365 million loan for Ukraine on Wednesday to help stabilize its economy and transform it from communism to capitalism, international monetary sources said, according to a Reuters dispatch from Washington.

The loan, the International Monetary Fund's first to the former Soviet republic, would support what one source described as a "very bold" plan to reform Ukraine's economy.

"This is a sort of 'big bang' approach," the source, who asked not to be identified, said. "There is no doubt the program will be approved."

Philips, Recharged, Charges Back But Can It Find Its Way on a Slippery Info-Highway?

By Patrick Oster

Washington Post Service
EINDHOVEN, the Netherlands — Philips Electronics NV, the company that gave the world cassette tapes, fluorescent lights and other technological marvels, is no longer in crisis.

After several years of wrenching restructuring, it is poised to take on the key consumer electronics market of multimedia. But some wonder whether Philips, after adopting all the obvious financial and management reforms, has the long-term strategy to survive against Sony Corp., Matsushita Electric Industrial Co. and other Asian powerhouses.

Take Philips' current multimedia star, compact disc-interactive technology, or CD-I. Through TV sets, consumers with Philips' own CD-I players or those licensed by Philips can play cinematic-quality computer games or use educational programs, movies and other multimedia products that combine video, audio and text features in an interactive rather than a play-only mode.

"I first saw demonstrations of CD-I nine or 10 years ago," said Eckart J. Wintzen, president of BSO/Origin, a \$400 million software and services company based in Utrecht that absorbed Philips' unprofitable custom computer software operation in 1990. "It was great then, but time may have passed it by."

Joost van Beek, an analyst with Van Meer James Capel & Co., an Amsterdam brokerage concern, says consumers may eventually decide to use CD-ROM players through home computers instead of CD-I technology through TV sets. Al-

ready, he said, CD-I sales seem sluggish while CD-ROM sales are booming.

The digital compact cassette is another key Philips consumer-electronics product off to a slow start. A digital version of Philips' ubiquitous audio cassette, DCC, is facing tough competition from Sony's Mini-Disc as both struggle to woo buyers to a recordable alternative to the standard compact disc.

Philips, whose product range includes light bulbs and semiconductors as well, has other clouds on its horizon:

• Its \$200 million stake in Whittle Communications Inc., a once highly praised American media company, is in jeopardy because of Whittle's unexpected losses.

• Key multimedia divisions — New York-based Philips Media and the film/entertainment division of PolyGram, Philips' 75 percent-owned affiliate — are still losing money despite recent hits such as the film "Four Weddings and a Funeral" and the computer games "Voyeur" and "The Seventh Guest."

• Philips spent hundreds of millions of dollars developing high-definition television, which offers razor-sharp pictures and digital sound in the rectangular movie-screen format instead of the boxy standard TV one. But sales in Europe stalled when it could not persuade governments to approve its analog HDTV standard. And in the key U.S. market, it is vying with other HDTV developers to win government approval for its digital HDTV standard.

Despite such pockets of bad news, there are signs that Philips will survive, if

not best its competitors. Its boards of directors and management, once dominated by technicians, are now staffed with marketing-savvy executives. In May, Floris Maljers, former chairman of Unilever Groep, became the new supervisory board chairman.

Philips, which owns the Magnavox, Sylvania, Norelco and Marantz labels, announced in June that it was hunting for a major software firm to buy. No wonder. With multimedia "hardware," such as CD-I players or TVs producing only 2 percent profit margins, multimedia "software" — films, music, computer games, and so forth — has become the key battleground for Philips and its competitors. And Philips says it has the cash flow and credit line to pay for it.

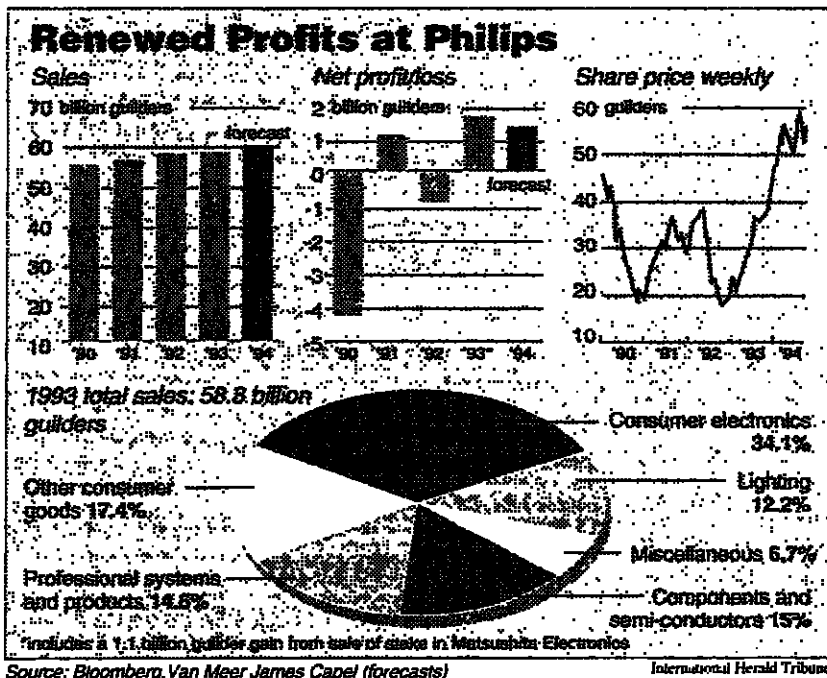
Michael Kuhn, president of PolyGram's Film and Entertainment division, said it had become "self-evident" that many companies could make hardware when they had access to the patents but that few could make attractive software.

In the software battle, Sony already has Columbia Pictures and CBS Records. And Matsushita has the entertainment giant MCA. Philips has the smaller PolyGram, which contributed two-thirds of Philips' consumer electronics profit last year, mostly through record sales. Despite its smaller size, PolyGram is showing potential for a whopping profit from small, intelligent investments. Its "Four Weddings and a Funeral," which cost only \$5 million, already has grossed \$186 million.

Nonetheless, Scott Marden, president of Philips Media, which develops most of Philips' nonfilm multimedia products, is not feeling smug. He is worried about keeping up a steady flow of best-selling products such as "Voyeur," the movie-like interactive mystery game.

More fundamentally, he, like any multimedia executive these days, is grappling with the murky nature of the market itself. It remains unclear, for example, whether the vaunted information highway on which multimedia products will travel will consist of millions of miles of fiber-optic telephone cable, similar lengths of coaxial TV cables, broadband radio waves directed at cellular telephones or a combination of all three and more.

Like most other players in the market, Philips is scrambling to ally itself not only with film studios but with cable television companies, telecommunications firms and home-shopping networks, among others. Last October, it bought Motown Records for \$300 million, one of its largest investments. In July, a joint venture made it the No. 1 cable TV operator in Europe.



Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3400	2300
2200	3300	2200
2100	3200	2100
2000	3100	2000
1900	3000	1900
1800	2900	1800
1700	2800	1700
1600	2700	1600
1500	2600	1500
1400	2500	1400
1300	2400	1300
1200	2300	1200
1100	2200	1100
1000	2100	1000
900	2000	900
800	1900	800
700	1800	700
600	1700	600
500	1600	500
400	1500	400
300	1400	300
200	1300	200
100	1200	100
0	1100	0

Very briefly:

- Germany's Federal Statistics Office said the annual inflation rate in Western Germany slowed to 2.8 percent in October, and economists said they expected the trend toward lower price rises to continue. The rate had been 3 percent for three months.
- Greece's Parliament approved the main article of a bill allowing the 25 percent sale of the state telecommunications company but it was still unclear how much the government expected to earn or where the funds would be used.
- Charter PLC, the British mining and rail equipment manufacturer, said it would take a charge "in excess of" £240 million (\$392 million) in the current year to cover the goodwill costs of its £290 acquisition of the Swedish welding manufacturer Esab AB.
- Elf Aquitaine, a French energy concern, cut its stake in the Belgian oil company Petrofina SA to 2.26 percent from 4.99 percent.
- Switzerland will raise its tax on cigarettes by about 15 percent in March. It said the tax would generate 150 million Swiss francs (\$111 million), which would be used exclusively, as with other tobacco taxes, to finance health and old-age insurance programs.
- Rhône-Poulenc Rorer Inc. said its profit in the third quarter rose 45 percent, to \$103 million, as sales rose 8 percent, to \$1.04 billion.

Reuters, Bloomberg, AFP, APX

Strong Sales Lift Profit For Saab Automobile

Bloomberg Business News

STOCKHOLM — Saab Automobile AB said Wednesday that strong sales lifted its third-quarter pretax profit to 144 million kronor (\$20 million), reversing a loss of 369 million kronor in the third quarter of 1993.

Sales rose to 4.31 billion kronor from 3.72 billion kronor, helped by the company's efforts to turn out more cars.

The company said that despite the turnaround, the profit was too small and would have to be improved.

Olof Wallen, a spokesman for Saab, said the company was working to further reduce the number of hours needed to build each car, which should increase output and profit. He said it now takes between 35 and 40 hours to build a car and the company was striving to reduce this to 30 hours in 1995, it took Saab 100 hours to make a car.

"The resulting capacity will be used to increase production," Mr. Wallen said. In the year to September, Saab sold 65,700 cars — up 24 percent from a year earlier. The "900" series accounted for 40,600 cars and the "9000" series for the remaining 25,100.

Saab Automobile became an independent company in 1993 when it was spun off from Scania AB. General Motors Corp. owns a 50 percent stake.

Its independence coincided with an economic downturn in the United States and Europe. That resulted in Saab posting losses totaling 9.56 billion kronor from 1990 to 1993.

Saab made its first-ever quarterly profit — 188 million kronor — in the second quarter of this year.

Volkswagen Sales Rise
Volkswagen AG said Wednesday its worldwide sales in the first nine months of 1994 rose 7.5 percent from a year earlier, Bloomberg Business News reported from Wolfsburg, Germany.

The company said it sold 2.5 million vehicles in the period, with sales in the United States almost doubling, to 85,000 units.

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GE: Antitrust Case Puts Company Under Microscope

Continued from Page 9

those years, none of them stuck and prices actually declined.

John F. Welch Jr., the chairman of GE, is among the 100 witnesses Mr. Webb may call at the trial, which is expected to last four to six weeks. Mr. Welch ordered the dismissal of Mr. Russell, who later sued GE, accusing it of wrongful discharge. The company said Mr. Russell had been dismissed after profit at the diamond-making unit, based in Worthington, Ohio, fell 30 percent in two years.

That GE's superabrasives unit and De Beers tried to raise prices during the global economic slowdown in 1991 is not in dispute. The issue is whether GE gave early notice to De Beers through an intermediary who passed on its price plans to the competitor.

Mr. Webb said GE had given notice to its customers of price increases merely as a good busi-

ness practice and that it had "independently decided to raise industrial diamond prices before it had information" that De Beers had raised its prices.

The government contends that Peter Frenz, GE's manager of industrial diamonds in Europe, passed on information about GE's planned price increase to Philippe Liotier. At the time, Mr. Liotier was chief executive of Diamant Boart SA, a Belgian buyer of industrial diamonds.

The government argues that Mr. Liotier was more than just a customer. The parent of Diamant is Société d'Entreprise & d'Investissements SA, or Sibeka, of which Mr. Liotier was a director. Sibeka is partly owned by De Beers and has a joint venture with De Beers to make industrial diamonds.

The government is expected to present a facsimile message from Mr. Frenz to GE's super-

abrasives-unit headquarters that asks whether the unit would follow a price increase that Mr. Liotier was supporting on behalf of De Beers.

The fax was received by Stephen T. Palovich, then Mr. Frenz's boss. Mr. Palovich, who remains on GE's payroll as a sales manager, has been given immunity from prosecution in exchange for his cooperation with the government. In essence, he could provide evidence that could damage his employer.

The prosecution, though, cannot get some key witnesses to testify. Mr. Liotier was indicted along with GE, De Beers and Mr. Frenz but has returned to France and refused to cooperate. Although he was indicted, extradition laws cannot be used to force him to appear in the United States.

De Beers also has refused to send anyone to answer the charges.

MEDIA: Talent Agency and Baby Bells Plan Venture

Continued from Page 9

defining role in the effort. Rival agents and top studio executives said the role of Creative Artists Agency raised the potential for conflict of interest for a talent agency that would provide actors, writers and directors to a venture it helped create. Privately, the agency denies any conflict.

The arrangement, rumored for weeks, was disclosed Tuesday by Variety, the trade newspaper. Mr. Ovitz and the representatives of the phone companies declined to comment but said discussions were taking place.

But representatives of the phone companies have already assured two Creative Artists Agency rivals, International Creative Management and the William Morris Agency, that there was no conflict of interest and that all talent agencies would be essentially on a level

playing field in providing talent to the new enterprise.

The head of a major talent agency said the arrangement put Creative Artists Agency on the same level as a film studio or cable television outlet, all but reversing the usual role of an agent.

But Thomas Pollack, chairman of the MCA Motion Picture Group, said: "We are makers of product, and we welcome new channels of distribution for our product. If this comes to pass, it's a good thing for the studios."

Executives and agents said that Mr. Ovitz, by sharing ownership in the enterprise, risked compromising his position as an agent.

"The Baby Bells are entitled to get and pay for advice from whomever they want, including Mike Ovitz," a studio executive said. "But once it starts looking like an ownership position in

this company, then that would be a concern not only to the studios but also to the talent guilds that have prohibitions against that."

But those involved in the negotiations said that Mr. Ovitz's agency would not serve as an owner of the new service. Instead, the Creative Artists Agency — whose client roster includes Steven Spielberg, Tom Cruise, Kevin Costner and Sylvester Stallone — is a strategic adviser and will receive continuing fees, people at the agency said.

An official involved in negotiations said Mr. Ovitz's agency would provide guidance on "strategic consulting services in the areas of personnel, deal architecture and alliances." At the same time, the official said, it would help create the new system's "navigator," or guide, to provide easy access to programming.

FRANCE: Privatization on Track

Continued from Page 9

agreed to retain a controlling stake in the automaker after it failed to form a strategic alliance with another automaker.

The government also is likely to retain a 10 percent stake in SEITA, an industry source said. Another 10 percent is likely to be earmarked for the tobacco company's staff.

The source said SEITA would prefer that French financial and industrial companies become core shareholders by taking stakes of between 25 percent and 30 percent.

But while financial analysts suggested foreign tobacco companies would want to take a stake, the industry source suggested SEITA would try to keep these companies out.

Although SEITA has partnerships with tobacco companies in export markets, such as Rothmans International PLC and BAT Industries PLC of

Britain and Reemtsma Cigarettenfabriken GmbH of Germany, the French company is not interested in allowing those companies to take a stake, the source said.

"After all, SEITA controls nearly all the cigarette distribution in France, and it might create problems if one foreign brand gets dominance over another in the share capital," the source said.

SEITA has selected Crédit Commercial de France and Société Générale as its advisers.

The company was one of 21 that Prime Minister Edouard Balladur earmarked for sale on taking office last year. Its chairman, Jean-Dominique Comolli, was brought in from the state customs office last year to prepare it for privatization.

SEITA earned a net attributable profit of 585 million francs in 1993 on sales of 14.14 billion francs.

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BRITISH AIRWAYS
The world's favourite airline

Beijing Clamps Controls On Airlines' Purchases

Compiled by Our Staff From Dispatches

BEIJING — Senior Chinese officials said Wednesday that because China's civil aviation industry has been posting heavy losses, authorities must approve purchases of new airplanes.

Nearly all China's airlines are losing money, mainly because policy changes on foreign exchange have caused operating costs to soar while giving Chinese passengers the option of flying foreign carriers, an official newspaper reported Wednesday.

Seats sold from January to August were at their lowest level in 10 years, the Economic Information Daily said.

Li Yongxi, chief of the planning division for the Civil Aviation Authority of China, said the airline industry would continue to lose money for one or two years.

During this time no new airlines will be approved and all orders for new aircraft will be carefully screened by the authority, he said.

"In cases where there is a real need, the authority will approve requests for new airlines. But it depends on the efficiency of the airline," he said.

Foreign aircraft makers view China as one of the world's fastest-growing markets.

One of every seven planes sold by Boeing Co. went to China last year. Boeing estimated that China would need to import \$66 billion of aircraft over the next two decades.

An official at British Aerospace PLC, a supplier of small aircraft to Chinese airlines, said the company expected a slowdown in orders after years of heavy buying.

"All and sundry were placing orders for new aircraft," he said. "Now the aviation authority has begun to concentrate on improving the efficiency of the planes they have. On the whole, the approach is quite professional."

China's new emphasis on filling planes to capacity would probably help builders of smaller planes, such as British Aerospace, he said.

The Economic Information Daily attributed airlines' losses mainly to China's decision on Jan. 1 to end a dual-currency system and devalue the yuan by 33 percent.

Previously, Chinese citizens used a version of the yuan called renminbi, or people's

money. Foreigners were given foreign exchange certificates in exchange for foreign currencies. Nearly all imported goods had to be paid for with the certificates, which only foreigners were supposed to have had.

Tickets on foreign airlines also had to be bought with the certificates, effectively restricting Chinese people to flying on domestic carriers.

After the abolition of the certificates in January, Chinese citizens could fly on any carrier and now make up 40 percent of the passengers on foreign airlines flying out of China, the report said.

According to Wen Xiaoru of the financing division of the civil aviation authority, too much growth is one of the reasons most airlines are losing money. An increase in passengers has meant more planes and higher operating costs.

The country's poor air safety record has also contributed to the airlines' problems. In the past year, there have been four major accidents killing hundreds of people.

The Civil Aviation Authority said authorities had recently stepped up safety measures. (Bloomberg, AP)

Relaxation Ethic Slowly Making Inroads in Japan

Agence France-Press

TOKYO — It has taken the longest recession since World War II and a subtle change in mentality to bring it about, but Japanese people are finally working less and taking more time off.

Last year, for the first time since the war, the average working week in Japan fell below 40 hours excluding overtime—a 12-minute drop from the previous year—according to the Ministry of Labor's latest figures.

Japanese employees worked an average of 1,913 hours in 1993, including 133 hours of recorded overtime. Taking into account unrecorded overtime, working hours are probably still longer in Japan than anywhere else in the industrialized world.

Still, the average annual number of working hours in Japan has fallen more than 20 percent since the 1960s, when they averaged 2,450. By 1992, workers in Japan averaged 2,017 hours, compared with 1,957 in the United States, 1,911 in Britain, 1,870 in Germany and 1,680 in France. Figures for 1993 are not yet available for some of those countries.

But despite this clear trend, vacations in Japan remain shorter than in many other countries, with a minimum of two weeks a year plus 13 public holidays, and overtime is still abundant.

Japanese workers put in an estimated 1.3 hours of unrecorded and unpaid overtime a day. The practice of working these "service" hours is widespread.

But "progressively, the Japanese people's attitude toward work is changing," said Akira Hase, managing director of the Dentsu Institute for Human Studies, part of the advertising company Dentsu Inc.

"The system itself hasn't changed very much yet, but the Japanese, especially young people, want more

free time for themselves and more leisure," he said.

Mr. Hase added that many Japanese companies, hampered by economic difficulties, have cut down on overtime hours. Hitachi Metals Co. recently announced a reduction in working hours to 1,800 a year by the middle of 1995, down from the current 2,114, and a drastic cut in overtime, to a maximum of 30 hours a year.

Working practices in Japan are gradually changing, Dentsu and others introducing flexible working hours.

The electronics giant Sony Corp. and other companies

'People work far better if they get a change of scenery from time to time.'
A Sony spokesman

are also trying to encourage employees to take all the holidays to which they are entitled. "We have realized that they work far better if they get a change of scenery from time to time," a Sony spokesman said.

Former Sony Chairman Akio Morita is one of the most vocal critics of the traditional Japanese work ethic and an ardent proponent of a life based on leisure activities and free time. Lawmakers are also planning to introduce a bill to ensure that public holidays fall on a Friday or Monday, to increase the number of long weekends.

Real change, however, may be a long way off. One in every six Japanese workers clocked more than 3,000 hours during the year ended March 31, 1993, according to official figures.

Recovery Spreads In Japan

Bloomberg Business News

TOKYO — Yasushi Mieno, governor of the Bank of Japan, said Wednesday the country's economic recovery was spreading despite the persistent strength of the yen, which erodes export earnings.

Mr. Mieno said consumer spending and industrial production were growing and exports were unexpectedly robust.

He also said the central bank's branch managers reported that large companies in the electronics, distribution and telecommunications sectors planned to increase capital spending—a factor that economists have said is key to sustaining Japan's recovery.

Speaking of the yen's recent rise to postwar highs, which the Bank of Japan has tried to counter by buying dollars, Mr. Mieno said it was "misleading" to think that the United States wanted a weaker dollar.

The Bank of Japan has found itself alone among central banks in the currency market, buying billions of dollars, and is eager to project the idea that the dollar problem concerns other nations too, analysts said.

"The dollar has weakened not only against the yen but against other major currencies," Mr. Mieno said.

Screen Sales Help Sharp's Net Rise

Bloomberg Business News

TOKYO — Sharp Corp. said Wednesday that increased sales of advanced display screens helped it post a 55 percent rise in first-half profit.

Although a strong yen shaved 15 billion yen (\$155 million) from its earnings, Sharp said current profit of 31.2 billion yen, compared with 20.2 billion yen a year earlier. Revenue rose 7 percent, to 615.3 billion yen.

A company executive said Sharp was producing more products overseas to cope with the strengthening yen.

Sales of the advanced screens helped revenue in the company's electronic components products group grow 23 percent, to 307 billion yen.

Investor's Asia				
Exchange	Index	Wednesday Close	Previous Close	% Change
Hong Kong Hang Seng	11000	9,252.44	9,321.06	-0.74
Singapore Straits Times	2400	2,357.29	2,382.54	-0.22
Sydney All Ordinaries	2000	2,017.60	2,021.80	-0.21
Tokyo Nikkei 225	21000	19,746.35	19,732.15	+0.07
Kuala Lumpur Composite	1000	1,105.54	1,102.23	+0.30
Bangkok SET	1000	1,514.07	1,501.58	+0.83
Seoul Composite Stock	1000	1,092.03	1,091.02	+0.09
Taipei Weighted Price	1000	6,686.87	6,742.39	-0.84
Manila PSE	1000	3,076.26	3,089.34	-0.36
Jakarta Stock Index	1000	516.32	514.53	+0.35
New Zealand NZSE-40	1000	2,069.33	2,061.84	+0.37
Bombay National Index	1000	2,057.51	2,049.72	+0.37

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• Toshiba Corp. of Japan said Wednesday it had developed a process for making a so-called quantum-effect chip, a thumbnail-sized chip that is said to be able to store 40,000 newspaper pages or to operate a computer at 500 times current speeds.

• Compaq Computer Corp. announced plans to open five more representative offices in China by the end of the year. Compaq sales in China have risen more than 50 percent this year.

• Asian economic growth will outpace the rest of the world in 1995, although a slowdown in China will bring the rate down to 7.3 percent next year from 7.8 percent in 1994, economists said.

• NEC Corp. of Japan said it would start mass production in April of 64-megabit dynamic random access memory chips.

• Hualon Corp.'s chief executive was brought to the Taipei prosecutors' office to await possible charges related to recent stock-payment defaults involving 3.2 billion Taiwan dollars (\$89 million), investigators said.

• Atlantic Richfield Co. has agreed to buy a stake of about 10 percent in Zhenhai Petrochemical Co. of China by purchasing 40 percent of the 600 million shares the Chinese refinery is issuing.

• Hong Kong's Securities and Futures Commission said it had suspended the registration of eight floor traders for profiting at their clients' expense while working as traders for Standard Chartered Securities in 1992.

• New Zealand reported a wider-than-expected current account deficit of 393 million dollars (\$240 million) for the June quarter, but economists said the figure reflected the economy's strength.

• Lion Nathan Ltd., a brewing concern, reported a 46 percent rise in profit, to 204.1 million New Zealand dollars, and said it would consider a move into China. (Bloomberg, Reuters, AFP, AP)

Australian Skies Turn Unfriendly

Compiled by Our Staff From Dispatches

WELLINGTON — Air New Zealand said Wednesday it was stunned by the Australian government's decision not to pursue plans for a single aviation market just days before such a market was due to make its debut.

"We are simply appalled at this move, which throws the whole development of the single aviation market into a state of uncertainty at this late stage in the process," it said.

A spokesman for Prime Minister Paul Keating of Australia said New Zealand had failed to live up to its side of the bargain, killing plans to allow Air New Zealand to fly domestic routes in Australia as of Tuesday.

The agreement would have set Air New Zealand up as a competitor of the national carrier, Qantas Airways, on Australian interstate routes.

But analysts had few doubts the decision was linked to the Australian government's plans to sell its 75 percent stake in Qantas.

Qantas, which owns 19.4 percent of Air New Zealand, is scheduled to be sold to the public by the Australian government in the first half of next year for about 2.5 billion Australian dollars (\$1.6 billion). That raised speculation that Aus-

tralia feared the aviation pact would erode the value of Qantas.

The decision is "obviously a positive for the Qantas fleet as it removes the negative of any possible entry by Air New Zealand, because such an entry would have involved possibly damaging discounting," an Australian aviation analyst said.

In a letter Tuesday to his New Zealand counterpart, Maurice Williamson, Transport Minister Laurie Brereton of Australia said New Zealand had not embraced the concept of a common aviation border between the two countries that was an integral part of the reform plans.

Mr. Brereton said New Zealand had also failed to fulfill a commitment to improve passenger arrangements and complained of "attenuated and inconclusive" discussions on the ownership and control of Australian and New Zealand airlines.

Prime Minister Jim Bolger of New Zealand said the move, conveyed in a letter from the Australian government, was perplexing and "not quite how we do business across the Tasman." (Reuters, Bloomberg)

NYSE

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High Low Stock Div Yld PE 1993 High Low Latest Chg	12 Month High Low Stock Div Yld PE 1993 High Low Latest Chg	12 Month High Low Stock Div Yld PE 1993 High Low Latest Chg
Alcoa 100.00 80.00 100.00 1.00 4.00 15.00 100.00 80.00 100.00 1.00 4.00 15.00	Alcoa 100.00 80.00 100.00 1.00 4.00 15.00 100.00 80.00 100.00 1.00 4.00 15.00	Alcoa 100.00 80.00 100.00 1.00 4.00 15.00 100.00 80.00 100.00 1.00 4.00 15.00
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China's Power-Plant Projects May Be Getting a Boost From Washington

By Kevin Murphy
International Herald Tribune

HONG KONG — Washington's bid to bolster American exporters' competitiveness through increased Export-Import Bank lending may help break a logjam in the financing of major power-generation plants and infrastructure projects in China, industry analysts said Wednesday.

Faced with a market where European and Japanese companies have gained a sizable head start through diplomatic influence and some financial sup-

port from their governments, the Clinton administration has decided to implement a more activist export policy.

At the end of an exploratory trip to China, Kenneth Brody, chairman of the Export-Import Bank, said the bank had signed a letter of intent with China's State Development Bank that could "lead to a substantial amount of new financing" for major projects in China.

The bank also announced it would hold a high-level conference on project financing in Hong Kong in February that

would present features of its new program to Asian decision-makers.

Some businessmen, bankers and analysts expressed fears that an assertive new program of American soft loans would spark a costly trade battle among industrial countries if the United States matched its rhetoric with sweetened deals that favored American businesses.

"If what they are saying is true, it will make the competition much tougher than it is

already. Everybody will try to push their export credit agency to match their terms," said a senior executive based in Hong Kong for a large European industrial group with interests in telecommunications, transport and power generation.

"So far we have seen little change, but the Chinese are already using the Americans' promises as leverage against us," the European executive said, echoing a wait-and-see attitude among foreign businessmen. "Mr. Brody is doing a good sales job, but it will take

time to take the Ex-Im Bank where he wants it to go."

Mr. Brody said: "We are not interested in trying to conduct a subsidy war, but we are very interested in making sure the U.S. exporter has a level playing field."

"This is one example of the way the Ex-Im Bank is leaving behind its passive, reactive mindset for one that is active and market-driven," said Mr. Brody, a former Goldman Sachs & Co. investment banker who has brought several senior private sector financiers to the government agency.

He said the bank was consid-

ering appointing a representative to China, which will soon become its biggest customer. The bank financed \$1.1 billion of exports to China this year, up from \$644 million in 1993.

An Export-Import Bank official, Chris Dorval, said, "We don't want to be in this game, but we've got to be in it to drive everyone else out of it."

China's dramatic economic growth has seriously strained its infrastructure. The country especially needs funding for power generation, among other projects.

But Beijing's concern with

exchange reserves and reasonable foreign debt levels has prompted it to seek investors willing to accept returns in its local currency.

Given the limited convertibility of the Chinese yuan, and the perceived risk of its volatility, Western financiers have largely balked at committing themselves to major Chinese projects that cannot repay them in hard currency.

"It's a good thing if the United States helps finance equipment purchases. This is help American suppliers really need," said Nicholas Howson, a lawyer for Paul, Weiss, Rifkind

in Beijing. "But if the Ex-Im Bank wants to engage in real project finance, they will run into the same problems all the other developers are facing."

"At the same time, though, the bank may have all sorts of extra leverage as part of the U.S. government," Mr. Howson said.

While China is likely to limit the total amount of foreign debt it is willing to incur, concessional lending to American equipment suppliers for large projects is likely to accelerate the completion of projects, analysts said.

AMEX

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

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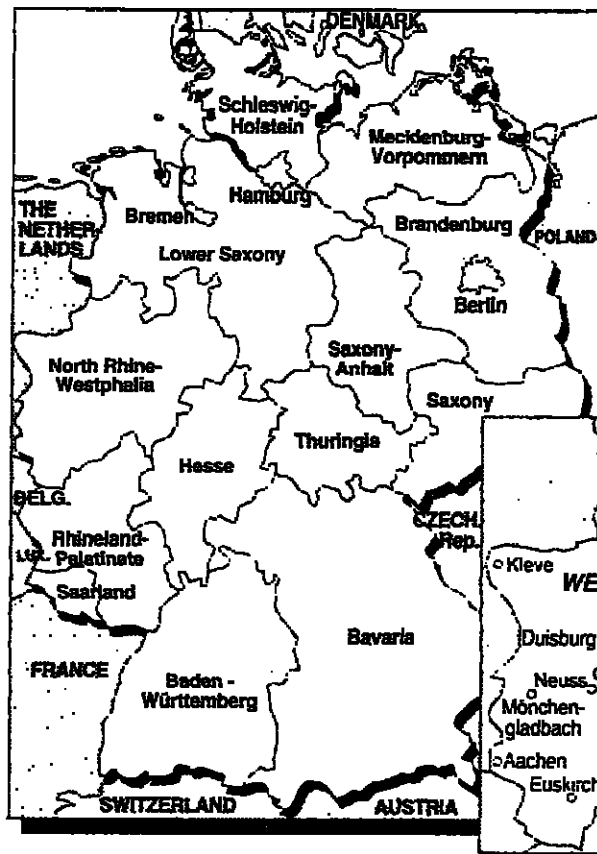
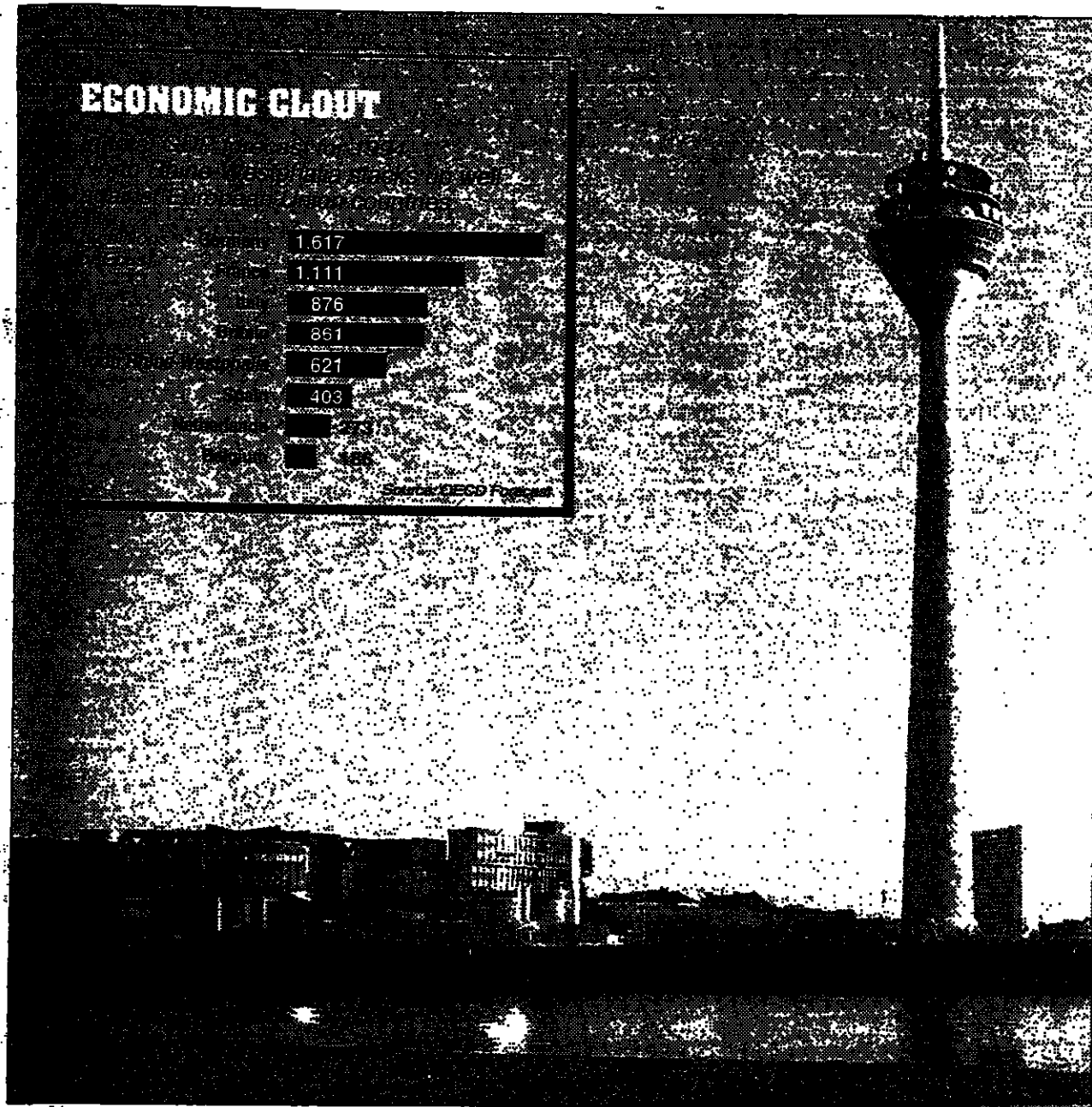
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GERMANY NORTH RHINE-WESTPHALIA

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THE STATE OF NORTH RHINE-WESTPHALIA

Area: 34,071 square kilometers
Population: 17.7 million
Prime Minister: Johannes Rau
Capital: Düsseldorf (pop.: 578,000)
Other major cities:
Cologne (959,000)
Essen (627,000)
Dortmund (601,000)
Duisburg (537,000)

High aspirations
and proud banners
in North Rhine-Westphalia:
left, a Düsseldorf skyline;
below, Cologne's
trade-fair center.



PART OF A EUROPE IN TRANSFORMATION

Once a center for heavy industry, North Rhine-Westphalia is in the process of reinventing itself.

With 17.76 million inhabitants, North Rhine-Westphalia is Germany's most populous state and the most populous non-national political entity in Western Europe. It has the economic statistics to match its size: Germany's largest state GDP, at 710 billion Deutsche marks (\$473 billion), or the size of China's, and the biggest state share of 46 of Germany's top 100 companies. As might be expected, the state's list of "Germany's most" is long; it includes 1.18 million companies, 7.42 million employed, 16 universities, 1,000 research institutions, 390 major museums, 1,000 environmental protection companies and three top-10 trade fair authorities.

Throughout Europe's industrial history, North Rhine-Westphalia and its forerunners have produced the biggest state products in the biggest state amounts. In the mid-19th century, these staples were steel ingots, coal, machine tools and telegraph lines; today, they are communication links, low-polluting energy, clean air and water, and information. North Rhine-Westphalia is home to all six of Germany's operators of telecommunications networks, its three leading environmental technology companies and Europe's largest media group.

Forefront of change
The state has also remained at the forefront of change in Europe. North Rhine-Westphalia had to contend with all the negative ramifications of an aging industrial base, including ravaged landscapes, high rates of unemployment and industrial unrest.

To overcome these problems, North Rhine-Westphalia has, today, become Europe's leading area of redevelopment. Over the past two decades, the state has re-engineered its industrial sector, revitalized many of its courtyards and rehabilitated large stretches of once-despoiled nature.

Today, communications technologies and the media form the state's largest sector. Throughout the state's industrial areas, low-rise production facilities have taken the place of smoking mills, while sprawling expanses of pump houses, slag heaps and industrial canals have been turned into museums and technology centers, parks and playgrounds.

Meanwhile, whole new centers of technological development have sprung up in Münster, Aachen, Essen, Bonn and other state communities.

"There's no blight in this state," says Rolf Nienaber, deputy managing director of Essen's Chamber of Commerce. "Not all sections are as glittering as downtown Düsseldorf or as gracious as the Margarethenhöhe here in Essen, but there are no wastelands or 'no go' areas."

Model and magnet
This accomplishment, in

turn, has been the product of hundreds of individual programs, initiatives and organizations, many of which have gone on to become the staples of German—or European—redevelopment efforts. One of many examples: the one-stop redevelopment agency, responsible for everything from site reclamation to international investor outreach, was pioneered by North Rhine-Westphalia's LEG (Landesentwicklungsgesellschaft Nord Rhein-Westfalen mbH).

The state of innovation in North Rhine-Westphalia has

never been greater. In the much-discussed public-private partnership area alone, Oberhausen was the first city in Europe to put its municipal services on a private-sector basis, sharply cutting costs and processing times. The state also pioneered private ownership of facilities producing such public services as water and waste treatment.

Nor has the state ever been more widely used as a role model than today, in places ranging from Poland's upper Silesia and Slovakia's Martin district to downtown Leipzig and ex-urban Barcelona.

The state has not relied solely on its own efforts in reinventing itself. As of the end of 1992, non-Germans had invested more than 50 billion DM in the state. Non-German companies now hold equity stakes in nearly 3,500 state companies, with a total turnover of 223 billion DM and employing 444,000 people, according to the state's office of statistics.

In early May, the cornerstone was laid for the Warner Bros. Movie World in Bottrop. Media giant Time Warner is reported to be investing 360 million DM in the project, said to be Europe's first film theme park, to be opened to the public in 1996.

Site recycling
On July 1, the Ford Aachen Research Center was put into operation. It is the second of its kind in the world for Ford, which chose the site because of its close links to the state's "excellent research and development network." Eight days later, it was the locals' turn. Siemens announced its intention to build a 100 million DM rail vehicle testing center. In a tribute to the state's redevelopers, the site chosen was a converted former RAF air base in Wildenrath. It will be Europe's first such private-sector facility.

An even more striking bit of testimony to the state's investor appeal came in early September, when yet another cornerstone was laid, this time in Oberhausen, for a 2 billion DM shopping, sports and leisure-time center.

The developer and main investor is the British P&O group. Typically enough, this site, to be the venue of "one of Europe's major center-city developments," was once a steel-making facility.

AN INNOVATIVE COLOGNE-BASED BROADCASTER

If industrial engineering was North Rhine-Westphalia's first big-ticket industry, broadcasting is its newest one. Cologne is home to Westdeutscher Rundfunk, Germany's largest station in ARD, the national public network, and the newer RTL, which has shown a flair for adapting the best of international broadcasting innovations.

Over the last 10 years, RTL has risen from being a shoestring operation with a few thousand viewers to Germany's leading broadcaster. Helmut Thoma, its chief executive officer, has been the driving force behind its expansion. "Like no one else, he has been behind the developing and creating of private-sector television in Europe," announced the U.S. National Academy of Television Arts and Sciences when it bestowed an Emmy award on Mr. Thoma in early September.

Don't a country's biggest broadcasters usually base themselves in its biggest city? "A nation's media powers are headquartered in its most important city," Mr. Thoma concedes, adding: "Germany, perhaps the most truly federalistic country in Europe, is an exception to this rule. It has three, perhaps four smaller-scale New Yorks or Romes. But the equation 'big city and big broadcasters' is still valid, at least in a psychological way. Broadcasters thrive on and rely on the big city's inner mobility, its pulse of things taking shape, assuming novel forms—and on the tolerance unleashing this inner motion."

"Nowhere in Germany is this sense of the big city more concentrated than in 'downtown' North Rhine-Westphalia, and particularly in Cologne. Individually, its cities may not have the population size of their counterparts, but by any other applicable criteria—museums, number of artists in residence, interesting fashion on the street, etc.—the state is a very big city."

Asked about the future of the German broadcasting scene, Mr. Thoma observes: "The American broadcast industry's present has always been Germany's future. And that's still true. We've had, belatedly, an America-like mushrooming of private-sector television; we're now experiencing an America-like proliferation of broadcasters and niche senders. Over the past few years, however, we've shortened the time lag between America and Germany, and, hopefully, learned from mistakes made there and in other markets. RTL, for instance, is lean. We haven't made any major investments in buildings and in building up administrative superstructures. Our 750 staff members represent our major capital. That will stand us in good stead in the challenging times to come."

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NORTH RHINE - WESTPHALIA

INDUSTRIAL ENGINEERS STEAMROLL AHEAD

Growing international demand has led German engineering companies to diversify dramatically.

Industrial engineering is one of the most intricate, involved and international fields of business, and it is a specialty of North Rhine-Westphalia. The region's typical industrial engineering project is denominated in billions of dollars, millions of man-hours and thousands of individual technologies and components. These projects are carried out in 170 countries by the various subsidiaries of a dozen major German groups, nearly all based or active in the state, and bearing such names as Deutsche Babcock, Mannesmann and RWE, whose rates of non-German sales and project work routinely represent more than 80 percent of total output.

These projects run from power plants and steel mills to sewage-treatment plants and mass-transit systems. But as recently as the late 1950s, the highly versatile companies carrying them out were often concentrated in a single sector and a single production site.

Technological imperative

What caused this change? "A very clear case of internal technology transfer," says Heyo Schmiedeknecht, chairman of the board at Deutsche Babcock AG.

"A matter of simple business necessity," says Klaus Brückner, president of Mannesmann Demag Hütten-technik, the plant-engineering subsidiary of the Mannesmann Group. Says Mr. Schmiedeknecht of Deutsche Babcock, founded in 1898 in Oberhausen and not associated with the British



A Babcock steam-generator power-plant extension.

company of the same name: "We had 60 years of building industrial facilities for ourselves and selling complex equipment to others, often located around the world. The key move was to meld these two expertise. Everything after that - Babcock's entry into such new fields as environmental technologies and cogeneration energy, our growing internationalization - has stemmed from that move."

Going for high stakes

The companies have had to respond resourcefully to the evolution of the marketplace, even when doing so seemed to carry a high degree of risk. Mannesmann Demag's Mr. Brückner points out: "Selling equipment, semifinished products or services on a per-fee basis were all safe, lucrative businesses, until changing economic realities forced the industrial engineering companies to look for new sources of income. International project work was - and is - a high-stakes business. Not all companies were prepared to take it on, and not all have found it to be profitable."

Still, the fittest in the business survive - and prosper. "All successful industrial engineers have one innate characteristic in common," says Mr. Schmiedeknecht, "and that is a native, ever-growing flexibility. No two projects are alike, and each of the technologies Babcock employs comes with highly individual operating requirements. New areas of business are opening up literally daily."

SHARING ENERGY EXPERTISE WITH CHINA

It is a match that could serve as a role model for Europe's capital-goods producers entering Asia's high-growth markets. China has vast coal deposits, a growing problem with its environment and an insatiable demand for energy. Babcock

Lentjes Kraftwerkstechnik GmbH has a furnace technology permitting electricity and heat to be relatively cleanly cogenerated from coal.

The result has been the company's securing of or-

ders worth nearly 500 million Deutsche marks (\$333 million) for equipment going into coal-fired cogeneration power stations located near Beijing and in Tianjin. Having been active in China for eight years, the company is also preparing bids for another eight projects.

"High-powered sales skills or exciting price schedules are not the primary requisites for European companies selling to China," says Claus

Brinkmann, general manager of the company's steam generator division. "Rather, companies have to display the willingness and ability to learn, and the resources to educate potential partners as to what is available and what might be of use." Mr. Brinkmann says the experience has been a valuable learning process. "First Deutsche Babcock, as has been the case with many German companies, had to learn how the Chinese market functioned,

and where and how our range of products and services could mesh with it," he says. "Then, as part of the making of our bid, we arranged for the Chinese to tour plants employing our technologies in Germany, to facilitate their getting to know our capabilities. Finally, after we received the order for the Beijing plant, we [Chinese and Germans] all sat down together at a six-week roundtable, in which progress was made on all technical matters."

FERTILE GROUND FOR NEW MUSEUMS

Sometimes it seems as if a neck-and-neck race is taking place. As soon as a new museum is opened in North Rhine-Westphalia, fervent museum-goers rush to attend it. The museum builders retaliate by opening another one - and so on.

In early September, Bonn's Museum for Contemporary Technology became the 92nd museum to be founded in North Rhine-Westphalia since 1991. The state also holds Germany's records for the greatest museum attendance on an annual basis - well over 12 million in 1993 - as well as for a single exhibition. Held in 1993, "Morosow and Schtschukin - the Russian Collectors" drew 570,000 people to Essen's Folkwang Museum.

Dürer and Munch

Four traits link Johann Heinrich Richartz and Peter Ludwig: success in business, a passion for collecting art, generosity in sharing it - and a building. In 1824, Richartz's donation of 100,000 talers led to the

founding of Cologne's Wallraf-Richartz Museum, one of the world's premier collections, with works from Dürer to Munch. In 1977, the Museum Ludwig opened its doors. It contains works detailing the course of 20th century art, from the Brücke to Post-Conceptualism. Both museums are housed in the same futuristic structure. Across the square is the Roman-German Museum, opened three years before the Museum Ludwig, and reportedly Germany's best display of Roman life and art.

Nowhere has the pace of museum foundings been more furious than in Bonn. The high point came in June 1992, when the Kunst- und Ausstellungshalle der Bundesrepublik Deutschland (Germany's federal hall for major art exhibitions) and the Kunstmuseum Bonn (Art Museum of Bonn, specializing in German art of the 20th century) were opened within two days of each other. They have made Bonn a major center of contemporary art in all its forms and genres.

All told, the city now has 15 museums, including the Frauen-Museum and the Rheinisches Landesmuseum, itself a one-museum retrospective on everything from paleontology to pop art.

Modern Medics

At first, the business barons in the Ruhr and Rhine area had scant use for the country's Blaue Reiter, Expressionism and other early 20th-century art movements. Then their disregard warmed up to an informed interest. By the 1960s, it had become a consuming passion, one amply financed by their well-lined purses.

Many of the wide-ranging, highly eclectic collections accumulated in North Rhine-Westphalia during the postwar era have now made their way, through sales and donations, to affluent Düsseldorf, to the city's legions of well-established art galleries, and its Kunstmuseum Düsseldorf and the Kunstsammlung Nordrhein-Westfalen, Düsseldorf's two main art museums.

EXPORTING KNOW-HOW TO THE WORLD

As one North Rhine-Westphalia company's experience proves, local expertise travels well.

In the words of Hans-Jürgen Klingelhöfer, member of the board of directors at Mannesmann Demag Hütten-technik, the 1.8 billion Deutsche mark (\$1.2 billion) modernization of the Steel Authority of India Ltd.'s steel works in Durgapur has been a fairly typical project for the company, "as far as any of our 50-odd current projects can be said to be typical."

The project involved marshaling supplies and services from three parts of the world, working in four different languages and overcoming a number of unexpected setbacks - all par for the course for North Rhine-Westphalia's industrial facility builders.

Fancy footwork

In 1989, it looked like a straightforward proposition - complex, but no more so than usual. As leader of the consortium charged with renovating Durgapur, Mannesmann Demag Hütten-technik was to supply overall management and key services, technologies and components. An industrial trading house in the Soviet Union was to provide the steel, while two partners in India were to handle local supplies and logistics as well as the construction work.

Then came the breakup of the Soviet Union and the collapse of much of its business infrastructure. As head of Demag's project building department, Mr. Klingelhöfer and much of his project team of 15 soon found themselves confronted with ever-lengthening deadlines from the Russian consortium partners.

"We went directly to the factories and spoke to their executives, and the executives came to Duisburg, to get some firsthand exposure to our state-of-the-art facilities," says Mr. Klingelhöfer, explaining what happened next. The ensuing months' intensive, close professional and personal relationships paid off in the delivery of 30,000 tons of steel structure to Durgapur, only a few months late and of "surpassingly good" quality.

The numbers speak

Meanwhile, Demag's engineers were working with the Indian partners, augmenting the Indians' engineering expertise and smoothing out differences between the two countries' technical standards and operating methods. By the time the main phase of the project had been concluded, Demag's staff had invested 150,000 man hours, compiled 6,000 blueprints and diagrams and processed over 15,600 pieces of correspondence. The company had directly or indirectly supervised the work of up to 3,000 building site personnel, the building of 32 outer structures and the delivery of 62,000 tons of machines, electrical equipment and supplies.

On June 4, Durgapur was put into operation. Demag's job didn't end there, nor did Mr. Klingelhöfer's concerns. Some 50 company staff members are supervising the work's initial operation phase. During the early October outbreak of pneumonic plague in India, Mr. Klingelhöfer was in charge of monitoring the situation for Demag. "First thing I did every morning was to call India," he says.

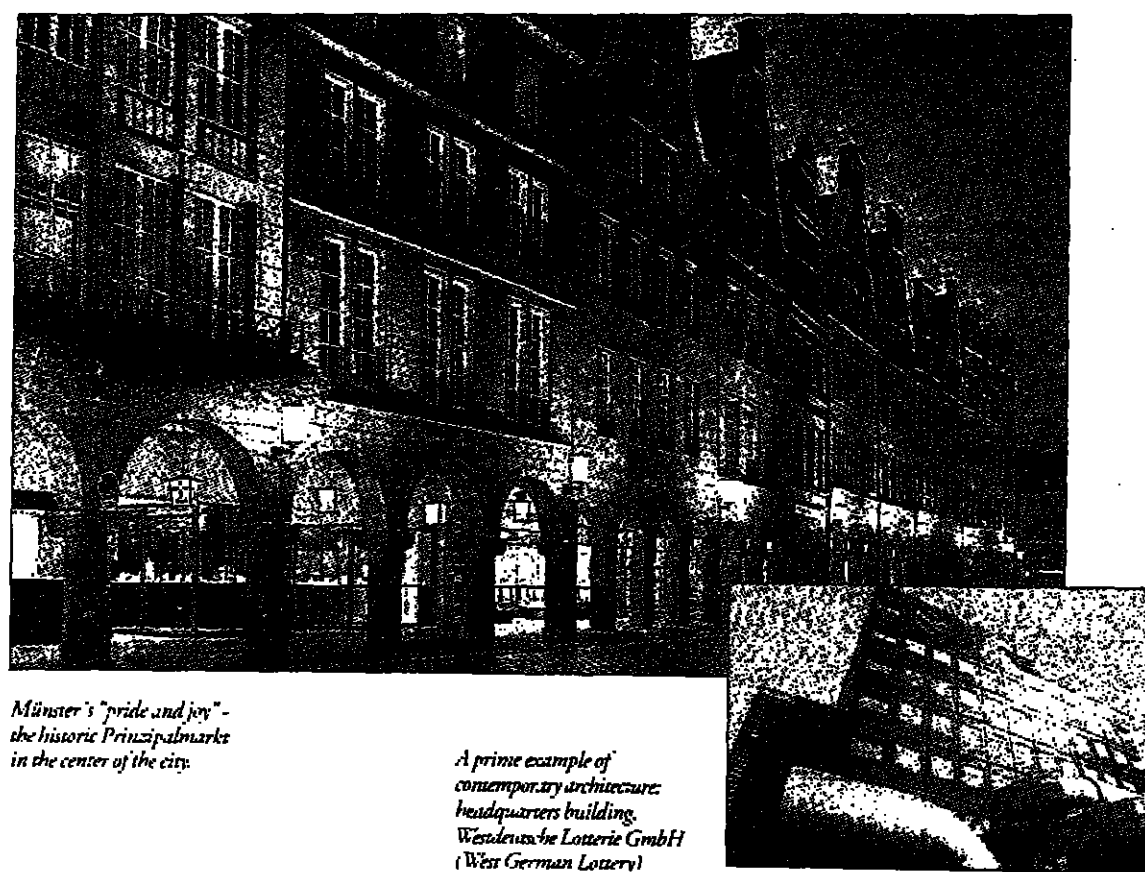
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NOTHING ESCAPES AGFA.



Münster's "pride and joy" - the historic Prinzipalmarkt in the center of the city.

A prime example of contemporary architecture: headquarters building, Westfälische Loterie GmbH (West German Lottery)

MANY PEOPLE SAY THAT MÜNSTER IS THE MOST BEAUTIFUL CITY IN GERMANY.

They're not exaggerating.

Obviously, pictures say a thousand words. The historic backdrops, scenic landscapes and full variety of attractive leisure-time activities all make it easy to fall in love at first sight with this Westphalian metropolis.

But Münster's "inner qualities" are equally attractive - without them this

business-minded city may have never become one of Germany's most sought-after commercial locations.

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STADT MÜNSTER

NORTH RHINE - WESTPHALIA

MÜNSTER STYLE: LOW-STRESS AND HIGHLY INNOVATIVE

The Münsterland weds dynamism with the good life.

Could there be a direct connection between an area's dominant psychological traits and the kinds of technologies emerging from its laboratories? California's "No sweat, just do it" climate engendered the world's most user-friendly computers. The Walkman was developed in crowded, space-conscious Japan. Now Münster, that center of cultivated living, has produced a chip with taste.

Professor Meinhard Knoll's prize-winning microchip can taste liquids of any description, from blood to lake water to sewage, for the presence of materials ranging from sugar to heavy metals.

After ascertaining the liquid's make-up, this micro-laboratory then processes its findings and relays them on-line to a central processing facility. Forecast price per chip: 1 Deutsche mark, or 66 cents.

Attributes that attract
"If there is a connection [between a region and its technological creations], it's probably not that straightforward," says Professor Knoll, who heads Münster's Institute for Chemical and Biosensors (ICB). "Certain regions, such as Münster, seem to have the attributes to attract and retain creative talents, and to thus generate innovative products. At least, I know that Münster's attributes — its physical beauty, its relaxed pace of life, plus a below-the-surface avidness to innovate, convinced me to move here nine years ago."

Like its counterparts Aachen, Bielefeld and several dozen other cities, Münster represents the quieter

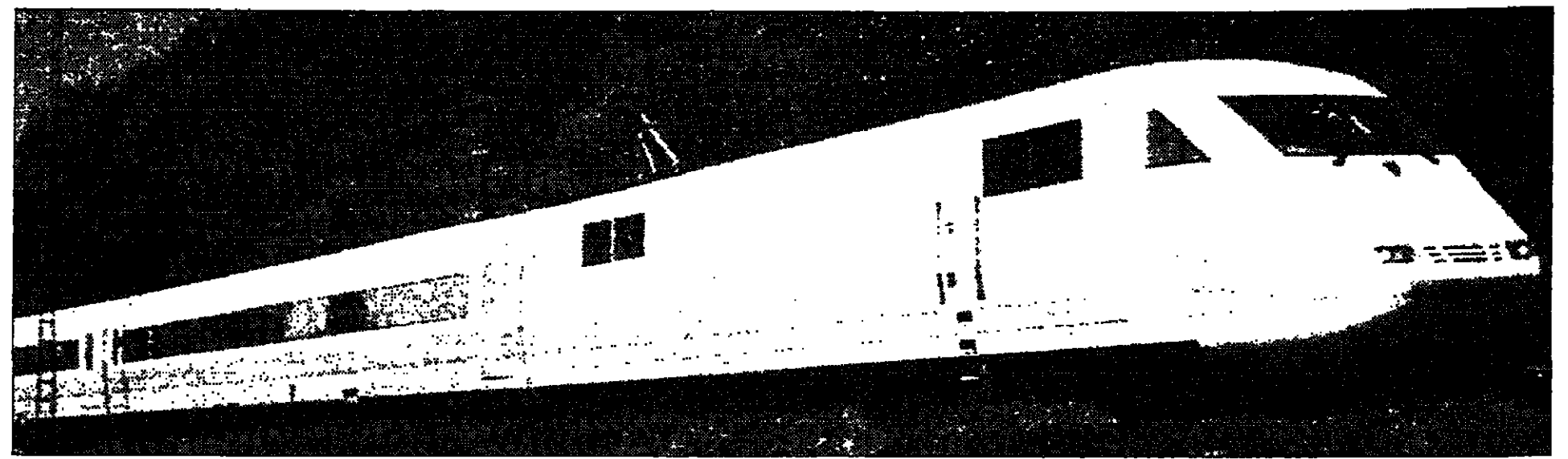
side of North Rhine-Westphalia. Although major metropolitan areas are not far away — the Ruhr district is located some 70 kilometers (43 miles) away — Münster (pop. 280,000) is more low-key than high-powered.

100 moated castles
The Münsterland region has the verdant, wide-open spaces and long vistas characteristic of northern Germany and Scandinavia. Compact industrial centers — Rheine, Bocholt and Ahlen — are neatly dispersed throughout the region's 6,000 square kilometers. Rather than skyscrapers and office complexes, the Münsterland has a very characteristic architectural speciality.

There are well over a hundred moated castles and palaces in the region, in styles ranging from turreted Gothic to loggia-decked Venetian, all connected by a 10,000-kilometer network of bicycle paths and interspersed with a Kentucky-like profusion of horse farms and racing stables.

Another point of similarity among North Rhine-Westphalia's upstate communities is the combination of an intense allegiance to the locality with an international outlook. Each year, a new crop of students comes to attend its Westfälische Wilhelms-University, whose enrollment of 45,000 accounts for four-fifths of the city's student body and makes it Germany's fourth-largest institute of higher learning.

Young entrepreneurs
Each year, a large portion of the university's graduates decide to stay in Münster, accounting for the city's



The Haus Hülshoff is just one of the Münsterland's many architectural attractions.

swelling ranks of young entrepreneurs. They, in turn, are responsible for many of the 18,000 jobs created in Münster over the past 11 years. Coming in a time of personnel reduction, this 18 percent rise in the total number of employed is an eloquent tribute to the region's underlying vitality.

Science and technology
Many of those who stay on in the city find work at such new technological development facilities as the ICB, founded in 1991, or set up their own businesses in places like the Technologiehof.

After only one year of

planning and approval and two years of construction, the ICB will move into its new facility in early November. "In that sensorics is a cross-discipline of micro-electronics, information technologies, chemistry and biology, it is typical of Münster, that mixing and meeting place of technologies and scientists," says Mr. Knoll. "That an institute of this size could be created in such a short time is a good demonstration of North Rhine-Westphalia's commitment to speeding up the reworking of its business base."

The ICB is the second facility to be completed in

Münster's "Science Park." The Technologiehof was the first, opening its doors on March 18, 1993 — 10,000 square meters of usable space in a building with sweeping futuristic lines. Now, a year and a half later, its 37 tenants are working on such esoteric and prize-winning items as time-of-flight mass spectrometers and biomechanical buffers, according to Dr. Bernhard Roth, head of Münster's business development agency.

Accessibility
Their fervid local patriotism does not mean that the residents of the Münsterland are

stay-at-homes — quite the opposite. They are international by location — the Netherlands forms Münsterland's western border — and profession. To see how peripatetic the business and science communities have become, a visit to Münster-Osnabrück international airport, with its long ranks of raincoat-clad professionals waiting to board airplanes to London and Paris, is instructive.

Getting home is just as easy. "It's nice to be able to fly directly to the world's centers in the morning," says Mr. Knoll, "and very nice to be able to fly home to Münster at night."

GETTING TO PARIS IN HALF THE TIME

New transport projects will shorten travel times.

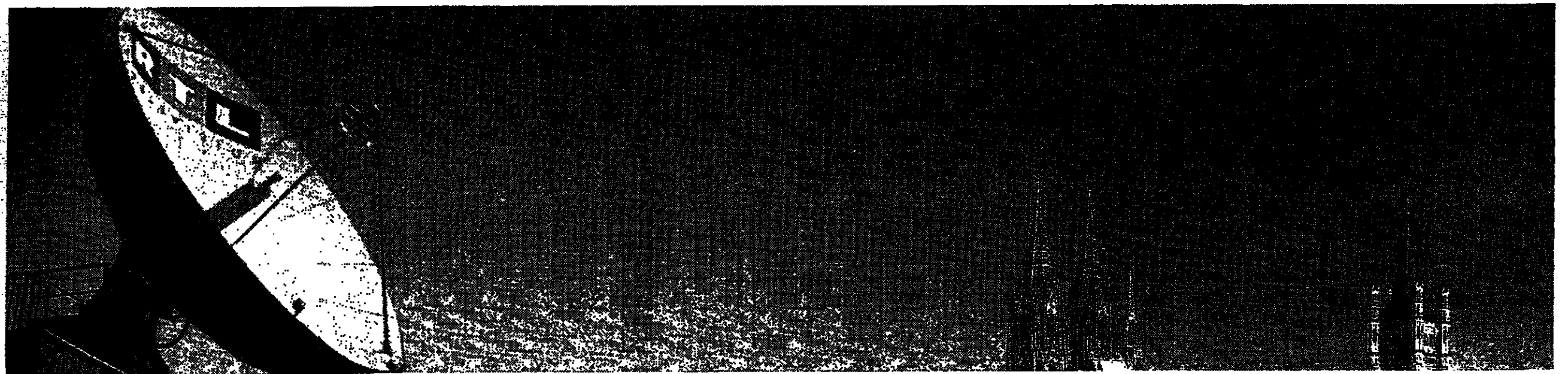
Germany is a relatively compact country located smack in the middle of Europe. Its inhabitants have come to take short intra-German and European travel times for granted. Nowhere is this more apparent than in North Rhine-Westphalia. Two of the country's major airports — Düsseldorf and Cologne/Bonn — are only 35 minutes apart. One hour of travel suffices to take in the state's three major metropolises. Still, the travel times cited in the newspapers in late spring caused even the most blasé residents to take notice. Paris-Cologne: two and a half hours by train; Cologne-Frankfurt, one hour.

"Europe: Twice as Close" ran the headline in a local paper, a reference to the halving of current travel times offered by the completion of Western Europe's ultra-high-speed rail network, set to go into operation in stages starting in 1997 and ending in 2000.

These improved links are just part of a variety of European Union and nationally funded rail projects aimed at extending Europe's high-speed rail network from today's 2,200 kilometers (1,364 miles) to 6,600 kilometers in the year 2000.

At that time, the main east-west line is to extend from London to Moscow, with Cologne as its hub.

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WRITER: Terry Swartzberg is a business writer based in Munich.
PROGRAM DIRECTOR: Bill Mulder.



FIRST RTL GAVE NEW VITALITY TO TELEVISION. THEN TO AN ENTIRE REGION.

Cologne is Germany's first media boomtown. And RTL has a hand in this success. How? A lot has been happening around and about Germany's most innovative and most popular TV station. TV production companies, media schools and other stations have all opted for Cologne, meanwhile providing jobs for around 45,000 people. Success, as they say, breeds success.

RTL
TELEVISION

NORTH RHINE - WESTPHALIA

COMMUNICATIONS INDUSTRIES ARE BONN'S NEWEST CAPITAL

Telecommunications and information technology companies are coming on strong.

Post-war Realpolitik made Bonn into the world's "most important international small city." Now, a stroke of business luck and a hard-working, area-wide alliance are busy making it into a city with a very big future in connections — especially in telecommunications.

The German federal government currently plans to finish moving about half its ministries to Berlin by 1998. This will leave Bonn with all or parts of 11 ministries, about two-thirds of its federal employees and diminished ranks of diplomats, lobbyists and international journalists.

In exchange, Bonn will receive 26 new federal facilities and at least 2.8 billion Deutsche marks (\$1.8 billion) in federal assistance — as well as two pressing, intertwined problems: what to do about the loss of anywhere between 9,000 and 25,000 jobs, and the reduction in custom for the city's unparalleled "international infrastructure." A spread of international schools, multilingual traffic policemen and gourmet restaurants worthy of London or Washington has sprung up in the federal-era Bonn.

A look at the record

How to cope with this loss? For the moment, the city need do nothing special. Once more, for the third time in its history, Bonn has received a great dollop of plain and simple good fortune.

In 1818, King Friedrich Wilhelm III of Prussia decided to grace his newly acquired Rhineland possessions with a major university. His eye fell upon Bonn, then a small sometime royal seat. Its previous claims to fame were based on the Baroque — the city still has a number of strikingly ornate edifices dating back to the 16th century — and Beethoven, already well on his way to becoming Bonn's most famous native son. The new university bore the names of its founder and area — Rheinische Friedrich-Wilhelms-Universität. It has gone on to become a major center of European thought, home to such intellectuals as Heinrich Heine and Barthold Georg Niebuhr — and to

some 38,000 students.

In 1949, those involved in the business of founding West Germany wanted to locate the nation's provisional capital far behind the front lines of the Cold War. Konrad Adenauer, soon to be chancellor, reportedly favored his home city of Cologne, while many others plumped for Frankfurt. Failing to find support for his first choice, Adenauer put forth its neighbor and, in a close vote held on November 3, 1949, Bonn beat out Frankfurt.

So Bonn became a stopover for a goodly portion of the world's diplomats, politicians and trade-mission-bound executives. Over the next few decades, its sweep of ministries, linked by a big-city metro and surrounded by extensive office complexes and green residential areas, took shape.

Taking up the slack

By 1998, ICT (information and communications technologies) are set to surpass automobile manufacturing to become the world's largest industry. This suits Bonn just fine, since it is already profiting from the communication sector's record-breaking growth.

With headquarters in the city are DBP Telekom, Germany's soon-to-be-privatized telecommunications authority (and Europe's largest telecommunications company); its subsidiary DeTeMobil, currently the country's leading mobile communications network operator; and Detecon, one of Europe's most important telecommunications consulting companies.

Following their lead, some 320 other ITC companies have set up shop in the greater Bonn area. Their ranks include the locally based outlets of such multinational giants as British Telecom and AT&T as well as dozens of newly founded, specialized technical-service providers.

With 6,000 communication-sector-related jobs today, Bonn should have 15,000 by 2000, according to recent projections. As North Rhine-Westphalia's fastest-growing and most prosperous city, with the highest rate of job creation,

and with 50 new European Union and federal-supported research institutes, surely Bonn can ride out the post-move interregnum with no special effort.

Forging a new identity

Dead wrong, says Hans Jürgen Arens, managing director of Strukturförderungs-gesellschaft mbH (SFG), which is responsible for the Bonn, Rhein-Sieg and Ahrweiler regions. "To keep moving forward, Bonn needs a new identity and a new way of working with the world," he asserts. "The only thing the city doesn't need is complacency, nor is anyone in the greater Bonn area complacent about its future. The list of accomplishments made and initiatives undertaken over the last four years provides proof of that."

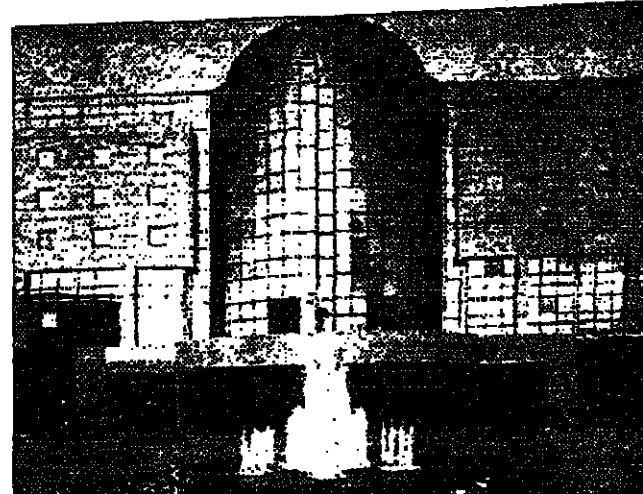
For instance, the 26 communities making up the Greater Bonn region — with a population of around 1 million — have joined forces and entrusted the coordination of their business base redevelopment to a single agency, SFG, founded in June 1992.

"As the setting up of SFG indicates," says Mr. Arens, "this very diverse metropolitan area has started speaking with one voice to investors. Individually, each community was only a piece of the puzzle. Together, the greater Bonn region has virtually everything for every kind of investor, from sumptuous office suites in downtown Bonn to large-scale, cost-effective industrial sites in such communities as Troisdorf."

Surprising synergies

This pooling and integrating of forces is also taking place in Bonn itself. "Before the city's internal unification process started," Mr. Arens goes on, "no one was completely aware of what anyone else was working on, which projects and which technologies — not surprising in a city of independent-minded ministries and major companies. Quite a few surprises — and synergies — have been emerging at the round tables SFG has been hosting."

Most important, the city, instead of passively receiving



Bonn's amenities include hotels like the Maritim Hotel & Congress Centrum (above) and the Parkschlösschen Lippisches Palais.

the outside world's largesse, has begun actively capitalizing on its formidable assets.

"If familiarity with and fondness for a site is an essential precondition for investment," Mr. Arens points out, "then Bonn, which has won the hearts of generations of economic attachés and visiting businesspeople, has the very best prospect of becoming a major international business site."

World Trade Center

The challenge has been to create a vehicle suited to the particular nature of investment from Asia, America and other high-growth regions.

One answer could be the World Trade Center (WTC), now well into the planning phase, designed to accommodate young trading and technology-driven companies.

This outreach is being matched by an "in-reach" to the city's burgeoning ranks of young scientist-entrepreneurs. Adapting an approach employed successfully in the greater Boston area, the SFG is also pushing the development of the so-called Transferring. This organization's teams of experts would help handle matters of daily busi-

ness practice for the new companies, from recruiting key personnel to securing and providing venture capital and suitable premises.

Also in the planning stage is a 15-hectare (37-acre) international business area in the Oberkassell district and the advanced residential and technological park in Bonn's eastern suburb of Sankt Augustin.

Information, please

A number of final issues remain unresolved in Bonn, including the future use of the chancellor's office and the other buildings in the city's heart. The new Bonn is already booking some important successes, however.

For instance, in early October, citing the presence of "a major cluster of telecommunications companies and scientific institutes in the greater Bonn area," NEC, the Japanese electronics giant, announced it would set up a major research facility in Sankt Augustin.

"There's a certain nicety to Bonn's progression," points out Mr. Arens. "After all, the university, the political arena and the world's ICT and trading sectors are all centered on the supply of and the demand for information."

A STATELY JOURNEY DOWN THE RHINE

Herewith, a river-view tour through some of Germany's best-known cities and regions.

Although this is a state of 17.7 million inhabitants and 31 major cities, it does not feel densely populated. North Rhine-Westphalia's largest single city, Cologne, has just under 1 million inhabitants, ranking it a respectable fourth in Germany, but placing it well down in the pan-European tables. With 5.5 million inhabitants, the Ruhr district is third among Europe's metropolises in population size — but it also has the lowest population density and highest percentage of green areas among its counterparts.

About two-thirds of the state is not urban at all. Several of the country's largest forests — including the Teutoburger Wald — and some of its most sparsely settled countryside are found in North Rhine-Westphalia.

While the state lacks an oppressive sense of population, it boasts an impressive sweep of adjoining cities and regions. The best way to discover this is to take a trip down North Rhine-Westphalia's 226-kilometer (140-mile) stretch of the Rhine.

Bonn and beyond

Vineyards and villas are the leitmotifs as the Rhine curves to the northwest and enters North Rhine-Westphalia. They presage the arrival of Bonn, for 130 years a self-sufficient, gracious town of university students and rentiers, then for four decades the sole seat of Western Germany's government. Today, Bonn is busy adapting to its role as the reunified country's joint center of federal authority and, increasingly, Europe's unofficial capital of communication services. In addition to federal ministries, a thriving university and its "spillover" technological community, greater Bonn also has major steel-processing and chemical industries.

Mediaphilic Cologne

Cologne starts where greater Bonn leaves off. In fact, the cities share a major airport and the headquarters of Germany's space agency. For

three decades, they also formed a symbiotic dyad: Bonn's hushed corridors of power and Cologne's clattering industrial might. Then Bonn's telecommunications giants plugged that city into the world's fastest-growing industry, and Cologne veered toward the arts, media and multinationals.

With more than 150 galleries and a major art trade fair, Cologne has become "indisputably Germany's center of international art dealings," as the New York Times recently put it. The city's visual media community is anchored by a long-time resident, Westdeutscher Rundfunk, the largest individual station in Germany's ARD national public-sector network, and RTL, the upstart and very successful private broadcaster. Around them, some 850 film and TV production companies, computer animation studios and freelance camera teams have settled in. Today, the media in all forms account for one-tenth of jobs in Cologne.

Multinational business

With such companies as Ford, Citroën and Volvo in the automobile sector alone, Cologne's business community has long been international. The more recent influx of such companies as Toyota, NEC and Samsung has given it a decidedly Asian flair.

The other cities of Greater Cologne are major business powers in their own right. These include Leverkusen, north of Cologne on the Rhine and home to the Bayer group, currently the most profitable of Germany's Big Three chemical producers, and its Agfa-Gevaert subsidiary, one of the world's largest producers of image processing and producing systems and supplies.

Düsseldorf: Dutch treat

Thirty kilometers downstream is Düsseldorf, whose name conjures up a flurry of images, all with a common commercial denominator. North Rhine-Westphalia's capital is

a favorite shopping excursion of the Dutch, and has the largest Japanese community in Continental Europe. Its airport and banking community measure themselves only against those of Frankfurt, and the opulent shops lining the Königsallee are rivaled only by those on Munich's Maximilianstrasse, if at all.

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Duisburg confluence

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Downstream sector: leisure.

face between Rotterdam, the world's largest port, located some 200 kilometers downstream, and the Ruhr District, known as "Germany's wholesaler/retailer/energy provider" as well as easily a dozen other appellations.

The remaining 100 kilometers of Rhine between the Duisburg and the Dutch border are the province of cities whose heydays belong to other eras and other millennia. Situated in the midst of the lush fields and forests of rural North Rhine-Westphalia, Xanten was once Düsseldorf. Cologne and Essen all rolled into one. In fact, at the time of its initial flourishing, Xanten was the only city in the future state. It was founded by the Romans in 15 B.C.

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SPORTS

Cone Edges Friend Key For AL Cy Young Award

By Claire Smith

New York Times Service

NEW YORK — The battle for the Cy Young Award in the National League ended in a walkover for the unanimous choice, Greg Maddux. But it was a different story in the American League, where David Cone and Jimmy Key — fire and ice, power and finesse — waged a classic duel that resulted in one of the closest races in league history.

Cone, the Kansas City Royals' right-hander, edged Key, the New York Yankees' left-hander, by 12 points, the fifth smallest margin since the Baseball Writers Association of America started the award in 1956.

"I thought either one of us would have made a deserving winner," Cone said upon learning of his victory Tuesday evening. "Both of us could have easily won. I hope I get a chance to tell him exactly that. I'm a big fan of Jimmy Key's, that's for sure."

Cone, who was 16-5 this season after going 11-14 in 1993, won his first Cy Young by virtue of the 15 first-place votes, 10 second-place votes and 3 third-place votes he received in the balloting by 28 writers, two from each of the 14 American League cities. That tally gave him 108 points in the system

that allots 5 points for first-place votes, 3 for second and 1 for third.

Key, whose 17-4 record made him the top winner in the majors this strike-shortened season, received 10 first-place votes, 14 second-place votes and 4 third-place votes, for 96 points.

The margin was the narrowest since 1980, when Steve Stone of the Baltimore Orioles defeated Mike Norris of the Oakland Athletics, 100-91.

The closest race in league history was the tie between the Denny McLain of the Detroit Tigers and Mike Cuellar of the Orioles in 1969.

Cone's victory stirred varying emotions in the pitcher. He expressed sorrow that Ewing Kauffman, the Royals' owner who brought Cone back to his first organization and native Kansas City as a free agent in 1993, did not live to see him win the award.

Cone also expressed sadness about the fact that he spent Tuesday getting an award rather than possibly pitching in Game 3 of the World Series, an event lost because of a players' strike that began Aug. 12.

Still, with the postseason award and a pending wedding,

Cone said, "It's going to be a nice year, now, to be able to cap off what I thought was a significant season."

"It's unfortunate that the season couldn't have been completed," he said. "When you look at the award, you can't help but think about all of the despair of 1994."

Cone and Key became friends as well as teammates when Cone was traded from the New York Mets to Toronto in August 1992. Two months later, Key got the World Series-clinching victory in relief in a game that Cone had started for the Blue Jays.

Cone posted a 2.94 earned run average, impressive in a league where offensive statistics soared and many pitchers wilted. He completed four games, with three shutouts, in 23 starts. Cone, 31, always impressive in the power departments, struck out 132 batters in 171½ innings. He walked only 54. Opponents batted an anemic .209.

Cone won nine times after a Royals loss. Key, no slouch himself, was 6-2 after Yankee losses.

Eleven of Key's victories came consecutively, from April to June, his best run in the majors and the longest streak this year by a major league pitcher.



David Cone: By 12 points.

"I'm not disappointed," he said about finishing second in the voting. "I don't put that much value in this sort of thing."

Key is the first Yankee pitcher to finish as high as second in the voting since 1985, when Ron Guidry was runner-up to Bret Saberhagen, the only other Royals pitcher to win a Cy Young Award.

Cone and Key left little room for the competition. Only Randy Johnson of the Seattle Mariners (two) and Mike Mussina of the Baltimore Orioles (one) also received first-place votes.

Cone's previous best in voting came in 1988 while with the Mets, when he was 20-3 and finished third.

Can Tyson Get It Together Again?

By William Gildea

Washington Post Service

WASHINGTON — In May, Mike Tyson will be eligible for parole from the Indiana Youth Center, where he is serving a six-year sentence for rape. He has announced plans to return to boxing.

But Tyson will have been away from the ring even longer than Muhammad Ali, who missed 3 and a half years (March 1967 to October 1970) when he was barred from the sport for refusing induction into the military. And as great as Ali was, his former trainer, Angelo Dundee, said recently, "We lost the best years of Ali. He was ready to be dynamic. He had it all together at the time of the Zora Folley fight" in 1967.

Although Ali's most famous fights occurred after the interruption, most experts concur that Ali was not as good a fighter then. The time off hurt his speed in the ring. By May, Tyson will not have fought in 3 years 11 months, raising the most-asked question in boxing: How good will he be when he resumes his career?

One thing is certain: the curiosity about the man who once seemed certain to rank among the best fighters of all time will make his first major bouts financial blockbusters; experts predict payouts of \$25 million to \$100 million.

Tyson at his best was a well-oiled machine," said Rock Newman, Riddick Bowe's manager, who dreams of a Tyson-Bowe battle. "He had superb hand speed, incredible quickness and great reflexes. He wasn't an incredibly powerful puncher. He had incredibly quick hands that enabled him to hit people so fast they didn't see the punches coming. He had lost some of that quickness before he went in. I would think the years would have eroded that substantially more."

"I don't believe he'll ever be as formula-

ble as he once was," added a promoter, Bob Arum. "Ali wasn't the same fighter. That being said, that doesn't mean Tyson won't be a force. It's just that you're slower after a layoff like this; it hurts your reflexes. If Michael Jordan doesn't play basketball for three years, do you think that, as great as he was, he could be as good as ever? I don't think so."

There are two Tysons, actually, to look back on: the one who reached his peak, at age 21, with a knockout of Michael Spinks in 91 seconds in June 1988, his 35th victory in 35 fights; and the less focused, less technically sound post-Spinks fighter who stayed out of the gym, got out of shape, lost his title in a classic upset to Buster Douglas and fought two hard-hitting but unimpressive fights with Razor Ruddock. "He started to decline rather dramatically in my estimation," Newman said.

One thing is certain. His first major bouts will be financial blockbusters. Experts predict payouts of \$25 million to \$100 million.

"He lost a lot of his quickness. He had lost some of his reflexes. He started to get hit much more frequently. The Tyson who went to prison was 70 percent of Tyson at his best."

Ali began his hiatus when he was 25, the same age as Tyson when he went to prison. On Ali's return, it didn't take people long to realize he was not the same fighter. Even though his three meetings with Joe Frazier and other memorable bouts were yet to come, the loss of speed was apparent in Ali's comeback bout against Jerry Quarry. "In defeating Quarry, Ali had been physically strong, perhaps stronger than in the past. But he'd also been slower, and that was an ominous portent," writes Thomas Hauser in "Muhammad Ali: His Life and Times." Hauser quotes Jim Jacobs, who would later co-manage Tyson, on Ali's exile: "In terms of his skills, it was a tragedy."

The perception of Ali had changed greatly by the time he returned. By then his outspokenness against the Vietnam War was accepted, his banishment from boxing was seen as unjust and his popularity in general had soared. He had become a hero, bigger than the sport.

Tyson is no such legend. But there is similar interest in how he will fare in the ring. And just like Ali, Tyson stands to make more money after his absence. According to Arum, a tuneup could be a \$25 million fight. A major fight — such as Tyson against George Foreman, if Foreman should happen to upset champion Michael Moorer next month, or Tyson against Bowe — could be a \$100 million fight. Arum said of Foreman: "When he goes to bed at night and he thinks sweet thoughts, I can't believe he doesn't think of those" beating Moorer and Tyson.

While Ali could not regain his foot speed, an important part of his boxing repertoire, Tyson in theory could recapture his hand speed, or close to it. But the consensus of opinion is that it would take the exceptional dedication he demonstrated early in his career, and the people who kept him in the gym working, particularly the late Jacobs, no longer manage Tyson. "Tyson's not a technician, like Ali — no jab, jab, right cross, hook," said Dundee. "But he's a heck of a fighter. He's a short guy who's had to fight big guys. That's the remarkable thing about Tyson."

Tyson, of course, hadn't yet mastered big opponents. He beat several, but Douglas knocked him out. When last seen, Tyson was being tied up consistently by big Ruddock in their second match, in which Ruddock managed to go the 12-round distance while losing. Bowe's size is just one

reason a Bowe-Tyson fight would be the biggest money-maker in boxing history.

Tyson was at his best with trainer Kevin Rooney in his corner, but Dundee believes that most top trainers could bring the best out of Tyson if Tyson dedicated himself to hard work and honing his skills. Two trainers frequently mentioned as possibilities are Panama Lewis and Emanuel Steward. Another veteran trainer, George Bentoo, could be taking up work with Lennox Lewis, who recently lost the World Boxing Council title when he was stopped by the Don King-promoted Oliver McCall in a big upset.

Steward currently is working with McCall, who hopes to defend against Tyson, thus reaping the kind of payday he could only dream of before beating Lewis. Intending to keep control of at least one of the three principal heavyweight belts, King

will see to it that McCall defends against no one but a King fighter until Tyson is ready. As King said recently: "We have a title for Tyson to fight for."

Tyson is co-managed by Rory Holloway and John Horne, who visit and phone the fighter regularly, according to a King spokesman, Mike Marley. Tyson reportedly is in as good physical shape as he can be; Marley said recently that Tyson works out regularly and weighs about 216 pounds, just about his best fighting weight.

"He is in excellent condition," said Phil Slavens, the assistant superintendent of operations for the Indiana Youth Center. "He runs. He lifts a little bit. He does sit-ups. He's in much better shape than when he got here. He was a little chubby when he got here." Tyson appeared to be about 250 at the time of his sentencing in March 1992. But his weight has been down for some time; Newman said Tyson was a "trim" 217 when he and Bowe visited the prison in September 1993.

Good shape, though, is not the same as fighting shape, and, according to Marley, Tyson said recently that he could use "three or four months in the gym" to get in top fighting shape. In the Hauser book, it was pointed out that Ali's hands "got soft" during his layoff.

Tyson will have to wait until spring for the gym work, barring a development that would secure him an early release or one that would keep him longer. Slavens said that Tyson has not passed the General Education Development exam, the high school equivalency certificate that could take three months off the time he is supposed to serve.

"His first fight is going to be watched with great anticipation," Newman said. "There's a dilemma in it. Does he fight somebody easy? Or does he make a windfall right away? Because from a marketing point of view, the excitement and the mystery is going to be gone quickly if he doesn't look good."

For investment information

Read the MONEY REPORT every Saturday in the IHT

NHL Players Seek Friendly Ice, Find It in Russia and Canada

By Murray Chass

New York Times Service

NEW YORK — The owners let them play on their ice, national Hockey League will take their sticks and and play on somebody else.

NHL Players Association plans to announce Tuesday or Thursday a two-night all-star event for charity in Hamilton, Ontario, on Nov. 10 and Nov. 12, featuring such players as Wayne Gretzky, Mark Messier and Brett Hull.

The union would like the roster to include Sergei Federov, the league's most valuable player last season, but Federov plans to be in Russia with other NHL players from that country making tour of places like Moscow and St. Petersburg playing against Russian teams.

The 5-game, 10-day Russian series is scheduled to begin in Moscow on Nov. 4. A league person familiar with the tour said it was being sponsored by four Russian banks and was organized by Vyacheslav Fetisov, the former player for the New Jersey Devils, and Gelani Toubulatov, president of the Moscow Sparta Club.

Some of the NHL's best play-

ers are scheduled to play, most notably Federov of Detroit and Pavel Bure of Vancouver.

The roster also includes Alexander Mogilny of Buffalo, Vladimir Malakhov of the New York Islanders, Vitali Prokhorov of St. Louis, Igor Larionov and Sergei Makarov of San Jose and Nikolai Borschevsky of Toronto, who already is in Russia playing for a Russian team.

Larionov and Makarov will be reunited with Vladimir Krutov, who plays in Sweden. In the 1980s, the trio formed the top line on the Soviet team.

Bure is to make a one-time guest appearance for Landshut of the German Ice Hockey League on Friday, in a game against Berlin. Bure's appearance for Landshut has been made possible by a local sponsor.

With negotiations between the league and the union going nowhere and no start to the delayed season in sight, players are seeking games of one kind or another with increasing interest. If the bargaining stalemate persists, the union expects to organize more games like those scheduled for Coppes Coliseum in Hamilton.

The games will be televised nationally, at least in Canada, and all proceeds of the games will go to charity, said . The players, he added, will not be paid.

"As the lockout continues," Saskin said, "we have a lot of talented members who are desirous of playing hockey. The understanding with all concerned parties is if we're fortunate enough to play NHL hockey, this event will be put aside."

On the other hand, if the lockout lingers, Saskin said, "other games would be considered because we've had a number of people come to us with ideas."

The Elite League Association, representing Swedish clubs, reiterated Wednesday that it would not allow locked-out NHL players to compete with in domestic clubs.

The association first took that stand last Saturday. A new meeting was called following protests by Swedish fans and reports that some clubs were rebelling against the ban.

The association stands firm on its majority decision against allowing professionals to play, national news agency TT reported.



Ottawa center Alexei Yashin, the first NHL player to sign with a minor league team, got a workout in his debut for Las Vegas in an International Hockey League game. He also got two assists; the Russian star had 30 goals and 49 assists for the Senators last season.

DENNIS THE MENACE



"I JUST ASKED HIM 'WHY DOES NIGHT FALL AND DAY BREAK?' ALL OF A SUDDEN HE GOT A HEADACHE."

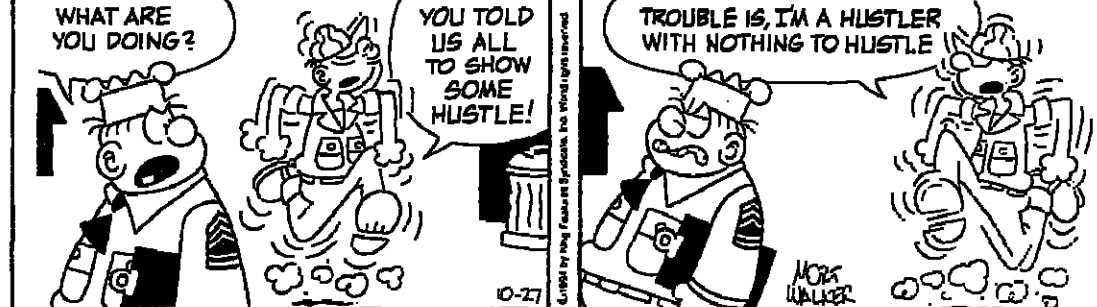
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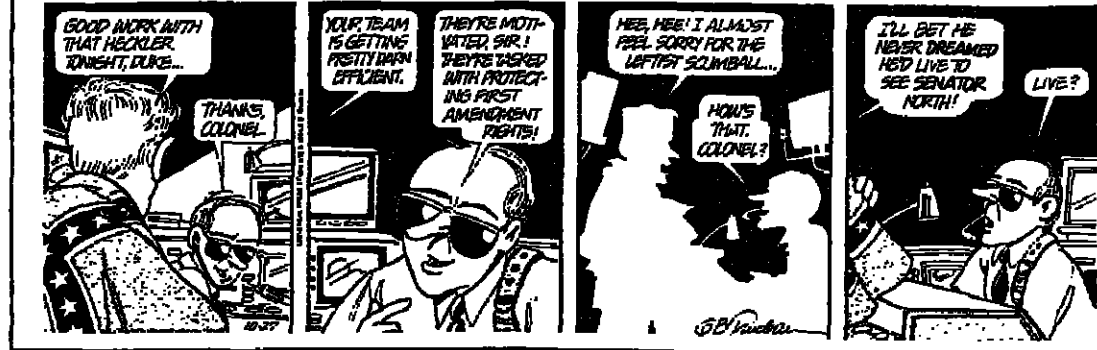
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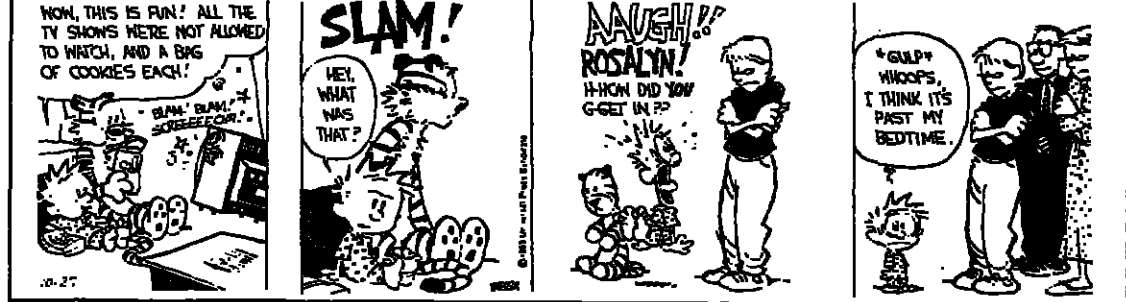
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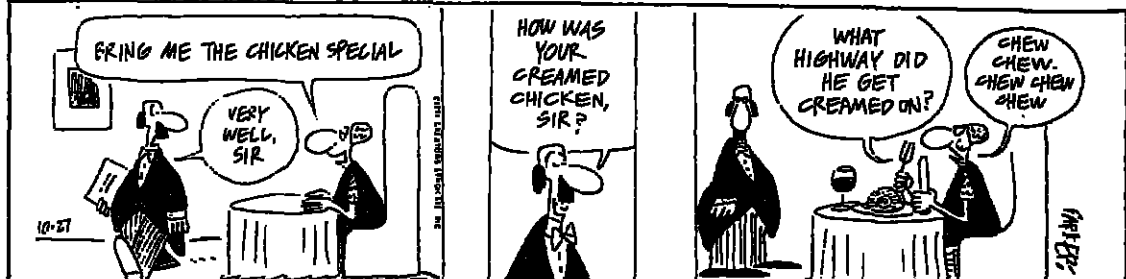
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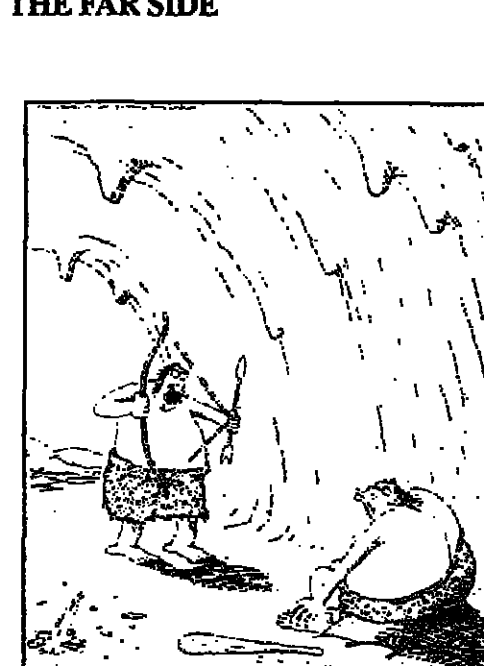
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SPORTS

Mercedes Deal With McLaren

Schumacher May Drive For Team in '96 Season

BONN — Mercedes has agreed to a five-year deal to supply engines to a Formula One car run by McLaren, which, if successful, should have current world championship leader Michael Schumacher behind the wheel by 1996.

Sources close to the two parties confirmed Wednesday that the German car maker and the British-based team would announce the details of the contract, which begins next season, in Stuttgart on Friday.

Schumacher's manager, Willi Weber, described the Mercedes-McLaren linkup as a "dream team" the German driver would regard as his top choice for the 1996 season.

Schumacher will continue to race for Benetton in 1995, but is free to change teams thereafter.

"At the moment we are obviously concentrating our efforts on the present world championships and the possibility of defending our title next year," Weber said.

But, he added, "from 1996 we would regard Mercedes-McLaren as our No. 1 partner."

"It would be a 'dream team.' We will obviously need to look how things go next season. But I can only assume that it would work well. Mercedes has an engine that has great potential. McLaren has been one of the top teams for the last 10 years."

Schumacher has an emotional link to the Stuttgart company, which gave him his first major contract as a junior racer in 1989.

"He has never really broken off his contacts with Mercedes and both sides have looked after the relationship," Weber said. Both he and I have said this. There has always been a wish to work with Mercedes."

Mercedes officials refused Wednesday to confirm that everything was signed and sealed with McLaren before they hold a news conference on Friday. Their agreement with the British team, however, is also believed to involve a commitment to the U.S. Indy car series.



OVERS AND OUTS — Cricket fans broke down the barricades before the start of a one-day match between Australia and Pakistan on Wednesday in Gujranwala, Pakistan. Hundreds were trampled underfoot and more than 20 people reportedly were injured. The match was later abandoned because of a rain-affected pitch, but the two teams agreed to play an exhibition match of 15 overs each to prevent further disturbances.

U.S. League's Debut Likely to Be Delayed a Year, Rothenberg Admits

By Grahame L. Jones

Los Angeles Times Service

NEW YORK — Major League Soccer, the proposed first division U.S. league that was supposed to begin operations in April, probably will be put on hold for a year.

The possibility that the league's debut might be postponed has been voiced in the past, but took on added significance Tuesday when Alan Rothenberg himself admitted that a delay was being considered.

That the U.S. Soccer Federation's president, who earned \$7 million as chairman and chief executive officer of World Cup '94, would make such

a statement at a time when FIFA leaders are in town, suggested MLS will not get off the ground April 15 as promised.

"Obviously, the later in the game it gets, the more you have to analyze whether to start in 1995 or 1996," Rothenberg said, adding that there is a possibility the league kickoff will be delayed by a year.

"I hope to be able to make an announcement within the next 10 days or two weeks," he said.

According to the MLS business plan provided to prospective investors, the anticipated 12 teams already should have been announced,

should have signed stadium contracts and should have been actively seeking coaches, players and fans.

Instead, no official announcement has been made since June 15, when charter franchises were awarded to Los Angeles, Boston, New York, New Jersey, San Jose, Washington, D.C., and Columbus, Ohio. At the time, Rothenberg said five more would be awarded by September or thereafter.

But although it has several large investors and a television contract, the proposed league has not been able to generate enough financial investment to allow it to name any

Europe, South America In Line for 2 More Spots

The Associated Press

NEW YORK — Europe and South America each will get two additional berths for the 1998 World Cup under two proposals that will be submitted by the six regional confederation presidents to the FIFA Executive Committee, CONCACAF's president, Jack Warner, said Wednesday.

Warner's comments came after a two-hour and 15-minute meeting of the six confederation presidents.

FIFA is trying to decide how to allocate eight additional berths in the World Cup. This year's World Cup had 24 teams competing, but the field will be expanded to 32 countries for the 1998 World Cup in France.

Of the 32 berths, Europe will get 15 (including host France), South America five (including defending champion Brazil), Africa five, CONCACAF three and Asia three, with the final spot to be determined in a play-off between an Asian team and one from Oceania, Warner said.

A variation, Warner said,

would give Africa four teams, with the last berth decided in a play-off between Africa and CONCACAF.

Earlier, FIFA's secretary general, Sepp Blatter, said only that two proposals had been agreed upon. He would not specify further.

The 21-man Executive Committee will meet Thursday to determine the allocation of berths.

"One of those two will be decided tomorrow," Blatter said as he hurried out of the meeting room of the confederation presidents.

Blatter said when asked about the region-by-region breakdown of the allocation of berths.

On Tuesday, Blatter had said that a general feeling was that each of the non-European confederations (Africa, Asia, CONCACAF, Oceania and South America) would get at least one new berth, while Europe would be guaranteed two.

That left two berths to be

decided. Europe received 13 berths (including the defending champion Germany) of the 24 in the last World Cup, while South America had three, Africa three, Asia two and CONCACAF two (including the host United States). The remaining berth was determined in a play-off between Oceania, CONCACAF and South America.

Africa, Europe, Asia and South America are all seeking extra berths beyond their guarantees.

Some have questioned giving South America, a confederation of only 10 nations, five berths, while Europe, which had seven of the eight quarterfinalists at the 1994 World Cup, would only get 15.

Africa has the most members in FIFA (51), followed by Europe (49), Asia (42), CONCACAF (29), South America and Oceania (10).

"We defended our position," the South American confederation's president, Nicolas Leoz, said, referring to CONMEBOL's proposal of four guaranteed berths plus defending champion Brazil. "But Africa wants to give South American three and one, which is a position we absolutely do not share."

Leoz said South America has the support of Europe and FIFA's president, Joao Havelange, a Brazilian.

Europe has the most votes on FIFA's executive committee, eight, while Africa, Asia, CONCACAF and South America have three each. The remaining vote is that of Havelange.

The eight new World Cup berths was a campaign promise by Havelange, who was elected to a sixth term as FIFA president in June.

SCOREBOARD

BASEBALL

Japan Series

Team	W	L	GB
Yankees	3	2	0
Braves	2	3	1

AL Cy Young Award Winners

Team	Player
Yankees	Dwight Gooden
Braves	Greg Maddux

NBA Preseason

Team	W	L
Chicago Bulls	1	0
Los Angeles Lakers	1	0

ENGLISH LEAGUE CUP

Team	W	L
Liverpool	1	0
Manchester United	1	0

THIRD INTERNATIONAL TEST

Team	W	L
South Africa	1	0
England	0	1

ONE DAY INTERNATIONAL

Team	W	L
South Africa	1	0
England	0	1

FOOTBALL

Team	W	L
South Africa	1	0
England	0	1

ENGLISH LEAGUE CUP

Team	W	L
Liverpool	1	0
Manchester United	1	0

THIRD INTERNATIONAL TEST

Team	W	L
South Africa	1	0
England	0	1

ONE DAY INTERNATIONAL

Team	W	L
South Africa	1	0
England	0	1

SIDELINES

South Africa Added to Europe Tour

SOTOGRADE, Spain (Reuters) — The 1995 European golf tour will include a tournament in South Africa, officials announced on Wednesday.

The South African PGA championship, Feb. 16-19 at the Wanderers Golf Club in Johannesburg, will be an official European Tour event, the executive director, Ken Schofield, said on the eve of the Volvo Masters at Valderrama.

The tournament will also be part of the South African tour and its field of 144 will be split evenly between players from the two tours.

Tiger Woods, the 18-year-old black golfer, won the Jerry Pate National Intercollegiate tournament by two strokes at the former segregated Shoal Creek course in Birmingham, Alabama. (AP)

For the Record

Mediator W.J. Usery's meeting with striking baseball players was postponed a day, until Wednesday, for the convenience of some of those attending the session; additional bargaining is not expected until the latter part of next week at the earliest. (AP)

Algeria is dropping its ban on competition against Israeli athletes because of the moves being made toward peace in the Middle East, the country's sports minister said. (AP)

Sacchi Critics' New Complaint:

Coach's \$2.25 Million in Salary

ROME — The critics of Italy's soccer coach, Arrigo Sacchi, were given more ammunition Wednesday after an official of the national federation leaked details of Sacchi's lucrative contract to the press.

Sacchi earned \$1.75 million for the year to June 30, and is expected to pick up a bonus of \$500,000 for leading the much criticized team to second place in last summer's World Cup.

The figures were contained in a anonymous letter faxed to the Corriere dello Sport newspaper, which published them on its front page.

They were later confirmed by the federation's president, Antonio Matarrese who said that his organization was only paying the going rate for a top Italian coach.

Sacchi has pay raises built into his contract, and so will earn even more in the 1995-96 season, the last on his contract.

Sacchi has been in charge of the national squad for three years, but his teams have never produced the kind of spectacular soccer with which he made his name as a coach at AC Milan in the late 1980s.

RUGBY

WORLD CUP QUALIFIER

Team	W	L
Japan	1	0
Malaysia	0	1

BASEBALL

TEXAS

Team	W	L
Texas	1	0
Los Angeles	0	1

FOOTBALL

ENGLISH LEAGUE CUP

Team	W	L
Liverpool	1	0
Manchester United	1	0

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JAL Herald Tribune

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Herald Tribune

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DESTINATIONS COMPETITION

Team	W	L
Delta	1	0
Other	0	1

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LOOK IN TODAY'S PAPER

CROSSWORD

17 — major (legal doctrine)

18 — "Fast" character

19 — New York's Little League

20 — Start of a lapel-button warning message

21 — Mexican snack

22 — Hoo-ha

23 — American rival

24 — Words after see, hear or speak

25 — Barnyard belle

26 — Simplicity, with "down"

27 — Rocket stage

28 — Part 2 of the message

29 — Capable of making mistakes

30 — Football's Papa Bear, George

31 — Wrinkler

32 — Come out

33 — Mayflower

34 — Snapper, a.k.a.

35 — Matt Dillon, a.k.a.

36 — Snouted beast

37 — End of the message (we warned you!)

38 — Spice-rack item

39 — Gettysburg

40 — Jazz musician

41 — Run off

42 — Tidal

43 — G.P. grp.

44 — It's unfathomable

45 — Chase, with "for"

46 — Back talk

DOWN

1 — Make unnecessary

2 — Coalition

3 — Washington's Range

4 — Military group

5 — One who charges

6 — Risk-taker

7 — Math subject

8 — Wing it

9 — Four Monopoly properties

10 — Inseparable friend

11 — G & S princess

12 — French seasoning

13 — Which way

14 — Squaw Indian

15 — Dog holder

16 — Had n't

17 — Lizzie

18 — Schnozz

19 — Coal measure

20 — Gnome's grant

21 — Hitching post?

22 — Cash openings

23 — Kind of porridge

24 — Esculent roots

25 — Groovy, these days

26 — Border

27 — Actress

28 — Thurman

29 — Debussy's "La ..."

30 — Kind of anesthetic

31 — Paper art

32 — Eyesdrop, in a way

33 — Wear away

34 — Smeat

35 — Bar dance?

36 — The way things go

37 — Tide

38 — Shung memento

39 — Garfield's pal

40 — Maude

41 — Portrayer

42 — Priest's garment

43 — Kind of sauce

Solution to Puzzle of Oct. 26

ARCH	MASC	RAYES
HAHA	OSLO	ODELL
EVEN	ICON	GORKY
MARGARET	COURT	
GRAVEN	EPIEIST	
EYRE	DIRT	SCAN
END	STIRANT	
JUDER	HELD	
REP	EDER	TESS
IRONMAN	ETHNIC	
DIANE	CHAMBERS	
GRADS	CHIP	OREM
BATES	KIRI	OREM
STERE	SVEN	KANE

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